



Daily Report

Latin America

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NOTICE TO READERS: An * indicates material not disseminated in electronic form.

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Brazil

According to O GLOBO, eight "ghost" accounts were used to employ Sao Paulo's Banco Cidade "to carry out transactions" such as sending money abroad. CPI members feel that the signature on the checks issued by one of the "ghosts" belongs to PC's secretary, Rosinete Melanias. In a related article, O GLOBO reports that Economy Minister Marques said "the Central Bank will order banks to report all large sum checks deposited or cashed in their agencies." The CPI discovered checks for up to 2 billion cruzeiros issued by "ghosts" linked to Farias.

O GLOBO states that the country's main political leaders "are already beginning to discuss the formation of a special congressional committee to study the accusations for malfeasance against President Collor."

O GLOBO reports that Curitiba mayoral candidate disclosed a tape containing conversations allegedly held with a congressman who "offers to arrange things with the members of the CPI." Madrid EFE reports on the testimony of former private secretary Vieira before the CPI. Vieira stated that he hoped his testimony provided "tangible evidence that citizen Fernando Collor was paying for his expenses with his own funds, which were under (Vieira's) responsibility."

Nicaragua

BARRICADA reports that the 24 July negotiations between the National Commission of Retired Soldiers and the government and EPS command staff failed "again." As a result of the talks failure, 17 former officers began an "indefinite hunger strike at the Sandinist Workers Federation [CST] headquarters..." The former officers charge that officers were "arrested illegally" during the negotiations. Coordinator for the retired officers, Adolfo Delgado, said that "in two days of negotiations, the government gave evidence of being inflexible..."

Cuba

Moscow Airs Message to Castro From Sister

PY2707211092 Moscow Radio Moscow in Spanish to Latin America 2200 GMT 26 Jul 92

[Text] [Announcer Viktor Kuzmin] We have at the microphone Renee Diaz, one of the former fighters against dictator Fulgencio Batista, who currently is director of the Caribbean INFO PRESS news agency [headquartered in Miami].

[Begin telephone recording] [Diaz] Heading a group of young patriots that included (Gustavo Barco Berni) and (Mario Chane de Armas), Fidel Castro took part in the assault on Moncada barracks, which was the bastion of the Fulgencio Batista dictatorship in eastern Cuba. Castro is the man who currently represents, along with the North Korean leader, one of the last bastions of Stalinism on Earth.

Castro took over the flag of national revolution in the search for the full freedom of men, social justice, and moral values in society. But the current situation in Cuba under Castro is far from the dreams of (Barco), (Chane de Armas), (Federico Lopez), (Guido Fleitas), and others who died in battle, and of those who later were persecuted and imprisoned.

From Miami, exclusive to Radio Moscow's MR-7 program, Juanita Castro will read a letter she sent to her brother Fidel Castro, chief of the Cuban Government, on 20 July.

[Juanita Castro] I would like to take advantage of this media because of the impossibility to get to you by other means. You live [word indistinct] sentimentally surrounded by walls; your aides cannot give bad news, and a letter from your sister [words indistinct] whatever its content, is considered offensive. My idea is not to offend you but to try to make you understand current reality. I would like you to pay attention to what I am saying. You always have looked at things from a historic perspective. Now that you are temporarily away from the demands of your position because you are in Spain, you may have some time to meditate.

We currently live under different times and circumstances than in 1959, when you took power. On that occasion the world looked at you with admiration and hope. Now you are looked upon as a historic anachronism that in the best circumstances inspires more (?pity) and [word indistinct] than sympathy or respect. This is sad. But worst of all is that you have involved millions of innocent Cubans in this tragedy.

Cuba lives in the past; it is backward; it suffers hunger and is depressed because you refuse to admit that you are defending a repudiated and lost cause. Fidel, power ruins, corrupts, and distorts vision. Do not believe that in the future everything will change like a dream. No, there will be no pact. Cuba lacks political and economic

allies, and, strangely enough, its current great enemies are the sons of the revolution you created. If you want to save your peoples' suffering and blood, you must leave the government.

As a child you admired uniforms and arms. You became the supreme commander, the revolution's highest leader, a great general of your Army. But remember that great military leaders not only are measured by their deeds but also for pointlessly exposing their soldiers in impossible battles.

The time has come for you to leave if you really love your people. You (?should no longer say) socialism or death; what you are really saying is Fidel or death. What your people want is more freedom and life. Do not stick to your own way of thinking; allow your people to enjoy freedom. [end recording]

Alarcon Stresses Latin Integration, Independence

FL2707194192 Havana Radio Rebelde Network in Spanish 1700 GMT 27 Jul 92

[Text] Cuba's Foreign Minister Ricardo Alarcon has affirmed that as long as the economic and political integration of Latin America does not take place, the serious problems being confronted by the region will continue. He stressed that independence and development are indispensable requirements to move our continent forward. Ricardo Alarcon added that it is a success that Latin America has met for a second occasion, without the presence of the United States.

Today, Alarcon is presiding over Cuba's national day at the World Exposition in Seville. The day began with a protocol ceremony in the Palanque area which was totally congested by Sevillians who support Cuba, including poet Rafael Alberti, and dancer Antonio Gades.

In statements to reporters at Cuba's pavilion, the Cuban foreign minister described Cuba as the most independent nation in the world and affirmed: Cuba sustains itself without help from anyone, without having to depend on anyone, without anyone's aid; and this we state frankly and also with pride because our nation supports itself. We have the historic obligation of defending it until the end.

Prosecutor Investigates Liquid Gas Distribution

FL2707135592 Havana Radio Progreso Network in Spanish 1000 GMT 25 Jul 92

[Report by judicial reporter Alemae]

[Text] Violations in the distribution of liquefied gas cylinders to the Las Tunas Province populace have been verified at Terminal No. 622 of the Petroleum Products Distribution Enterprise in Puerto Padre. Public Prosecutor (Freddy) Concepcion, from the Las Tunas Provincial Public Prosecutor's office, has more information on this matter.

[Begin Concepcion recording] The Puerto Padre public prosecutor's office audited Terminal No. 622 of the UDP [expansion unknown], which belongs to the Petroleum Products Distribution Enterprise, and which, in turn, falls under the jurisdiction of the Ministry of Basic Industry located in Puerto Carupano. They verified that between September 1991 and May 1992, in violation of National Accounting System Rule No. 4 regarding the delivery of liquefied gas cylinders, the arrival of 707 of these cylinders was not recorded and that 3,538 of these cylinders were sold, not 2,831, as recorded in the books, adjusting the frequent diversion figures of this resource to the detriment of the cylinder distribution plans to the population, who have leases on these gas cylinders.

It was proven that the distribution cycle to the people was not fulfilled in relation to the number of people who make up each contract's household by selling more than one cylinder in a single month to 44 consumers. This was proven in the audit.

It was also noted, while reconciling documents which record gas delivery to consumers, that in a four-month period 149 cylinders were not used for their assigned purpose. At the same time, 50 payment receipts were found showing deliveries made to people whose names did not appear on the contracts. Additionally, deliveries of gas cylinders to customers and illegal installations, which caused deficits, were also detected during the course of the audit. The audit also showed that there were 139 contracts that did not have a household census. This resulted in an incorrect delivery cycle to those customers.

During a surprise inspection made by the public prosecutor as part of the audit on the distribution of liquid gas, it was discovered that gas was being sold without the corresponding documentation, and therefore, it was not known to whom the gas belonged according to the distribution plan, besides contributing to the violation of the resource's diversion.

Disciplinary measures are being sought against three comrades for the detected violations, and the alleged criminal acts detected as a result of this audit are under investigation. [end recording]

Barbados

Sandiford Signs \$10.8 Million Loan With PRC

FL2707225892 Bridgetown CANA in English
2157 GMT 27 Jul 92

[Text] Bridgetown, Barbados, July 27, CANA—Barbados on Monday [27 July] had high praise for the People's Republic of China for demonstrating "tremendous leadership" in South-South cooperation. The plaudits came from Prime Minister Erskine Sandiford as he signed a loan agreement for U.S. 10.8 million dollars

with Luo Gan, the secretary general of China's state council and leader of a visiting eight-man delegation from Beijing.

Haiti

OAS Mission Meets With Sectors, Leaves Country

FL2707153192 Port-au-Prince Radio Soleil Network
in Creole 1100 GMT 27 Jul 92

[Excerpt] The OAS technical mission for assessment and information that had been in Haiti since 22 July left Port-au-Prince on 25 July. The purpose of this mission was to meet with several sectors in the country about a possible visit by OAS Secretary General Joao Clemente Baena Soares.

This OAS delegation, headed by Argentine Ambassador to the OAS Hugo Caminos, who is also the executive secretary for juridical matters in the organization, met with various delegations from important sectors (?involved) in the Haitian crisis. They include a delegation from the Haitian Senate, representatives of the Marc Bazin government, representatives of the Haitian Army, and representatives of the business sector. The OAS mission also met with a delegation of four ministers of the former Rene Preval government. A well informed source let us know that almost all the sectors met by the delegation said they concur in Baena Soares' coming to Haiti. The reason for Soares' next visit is to negotiate with the opposing parties so as to find a solution to the crisis the country has been experiencing since the events of 30 September 1991.

Concerning the negotiations, we advise that, until now, both parties have held firm. So far, Father Aristide does not want to negotiate with Prime Minister Marc Bazin. In his opinion, the head of government must resign before he negotiates with him. During an interview he gave to THE MIAMI HERALD, Head of Consensus Government Marc Louis Bazin stated that he would not negotiate with Father Aristide as long as the OAS does not lift the embargo. Bazin went on to ask how he can negotiate with Father Aristide if he does not want to acknowledge him as prime minister. The head of government also pointed out that Father Aristide must say whether he will or will not negotiate. The prime minister announced the creation of a governmental committee intended to hold discussions with the 10-member committee formed by Father Aristide after the convention held by the lavalas members in Miami in the middle of July. [passage omitted]

More on Employees Seeking Minister's Resignation

FL2707154692 Port-au-Prince Radio Soleil Network
in Creole 1100 GMT 27 Jul 92

[Text] The discontent at the Ministry of Information, Coordination, and Culture since 23 July has not decreased even though Minister Andre Calixte advised the employees that Hugues Andre Chrisostome is no

longer head of the cabinet. The employees continued demanding the resignation of Minister Calixte and his entire cabinet on 24 July. This second day of protest was a reaction to Chrisostome's statements on state television to the effect that most of the Ministry of Information employees are not competent. The employees said on 23 July that they had decided to stick to their guns until the prime minister gives them satisfaction.

The prime minister was obliged to send Frantz (Loficial) to negotiate with the two parties to put an end to this uprising that was triggered one day after the cabinet of the minister of information published, as well, an article in the daily L'UNION saying that 64 percent of the employees of the Ministry of Information are not competent, that 15 percent have reached the baccalaureate level, and that only eight percent have been at the university.

The employees accused Minister Calixte of dismissing people without cause and replacing them with Haitian Christian Democratic Party [PDCH] members. Recall that upon the installation of the consensus cabinet the head of government asked the ministers not to turn the ministries into offices serving the interests of the political parties they represent. Andre Calixte, head of the Ministry of Information, is the provisional president of PDCH, the party of late Sylvio Claude.

Interior Ministry Lists Mayors With 'Problems'

*FL2707182092 Port-au-Prince Radio Soleil Network
in Creole 1100 GMT 27 Jul 92*

[Excerpt] The Ministry of the Interior and National Defense advises that they have now found only 16 city halls in which at least one member of the municipal council is absent from duty. The ministry explains that the reasons for these absences are that those people have problems with the population or with the local authorities, or they have personal political problems.

The municipal councils whose members have problems with the population are Petite Riviere de L'Artibonite, Cerca La Source, Boucan Carre, Thiotte, Fort-Liberte, Poteau, and Limbe. The communal councils whose members have problems with the local authorities are Thomazeau, Lascahobas, and Port-Salut. The communal councils whose members have political problems are Jacmel, Cap-Haitien, Port-au-Prince, Delmas, Grand-Gosier, and Anse-a-Foleur.

On 17 July, delegates and vice delegates arrived at the Ministry of the Interior and National Defense where they were given orders to work toward implementing a strategy designed to allow the reinstatement of these local elected representatives. At the conclusion of this meeting, a special intersectoral committee was formed from the reports which were submitted to them for the follow-up and the supervision of this process. This committee includes Moise Innocent, head of the legal service at the Ministry of the Interior and National Defense, as coordinator; Guy Michel Pradiou as representative of the Ministry of Justice; and Lieutenant-Colonel Leopold Clairjeune as representative of the Haitian Armed Forces.

The committee was to hold its first working meeting on 21 July and was to initiate its work on 24 July in Port-Salut and Coteaux, where it was to study individually the specific problems faced by local elected representatives and the larger problems that hinder these elected representatives from returning to their posts. In addition, this committee would have to investigate the reasons for the absence of these mayors who are in trouble. It had to contact them, discuss with them the measures that can be taken to guarantee their safety so they can return to their posts, and propose solutions.

This committee was given a limit of eight days to submit a report on each case. Based on the reports, the Ministry of the Interior and National Defense would know whether safety can be guaranteed to the local elected representatives so they can return to their posts. [passage omitted]

El Salvador

Madrid TV Interviews Cristiani on Peace Process

PA2407233192 Madrid TVE International Television
in Spanish 0500 GMT 24 Jul 92

[Interview with President Alfredo Cristiani by Maria Jose Ramodulo in San Salvador "before leaving for the Ibero-American summit in Madrid"—recorded]

[Text] [Ramodulo] It is said your specific policy is to reject violence. Is this concept now starting to become reality in El Salvador in the wake of the peace agreements?

[Cristiani] Let us say it is the main goal: To have all those who sought benefits or political gains through channels outside the democratic system to join this system, as would any other political group. I think this trend is what we are now seeing in El Salvador. There are more political debates and there are better discussions of the issues. This is what we want in a democracy: violence must absolutely not be used to impose anything.

[Ramodulo] While the agreements require the Farabundo Marti National Liberation Front [FMLN] to do little more than demobilize and surrender its weapons, the government is committed to comply with nearly 95 percent of the agreements' provisions. How is the president facing up to this important challenge?

[Cristiani] We think we managed to advance in June, to comply with everything on schedule in all areas in which the government was called to act in compliance with the peace agreements. Some measures are being started and others are already under way in our efforts to comply with the agreements. Some measures, such as opening the national public security academy, among others, suffered delays that cannot be made up. But everything is virtually under way. No commitment has been left untouched. We hope to complete this within the transition period.

[Ramodulo] From certain groups, especially the opposition, we have heard criticism of government policy. They claim it is two-faced, that the government is giving the impression abroad that it is complying diligently with the agreements, while on the home front it is practicing subterfuge in implementing the agreements, not giving the FMLN enough time to organize as a political party for the 1994 elections. What do you think of this criticism?

[Cristiani] There is all kinds of criticism and from all quarters. I would focus on the verification of our compliance contained in reports on the progress of the peace process issued by organizations tasked with this. The reports issued by the [UN] secretary general, especially the most recent one, confirm the government's goodwill and determination to comply with the agreements, and that a solution acceptable to everyone was adopted with the recent restructuring of certain topics that were being debated on the peace agreements' interpretation.

We, of course, do not expect there will be no opposition to the government, no criticism. Unfortunately, many fail to realize that they harm the country, not the government, when making unfounded criticism. They harm the country in the area of international relations. One example was information received by members of the U.S. Congress that prompted its members to temporarily freeze aid disbursements to our country. This delay not only harmed the country in general but the peace process in particular, because the United States is among the countries that have given the strongest financial support to the agreements.

[Ramodulo] Mr. President, we would like you to assess Spanish cooperation in the peace process with respect to the human resources it has contributed to the supervisory forces of the UN Observers for El Salvador, as well as its financial and food aid.

[Cristiani] In addition to its financial aid, I think we owe Spain a lot because it is among the countries that has supported the peace process the most during the negotiations. It is still among this group of countries that continues to monitor El Salvador's needs to ensure the consolidation of the process. Spain has made invaluable contributions to the peace process.

Nicaragua

Further on Retired EPS, Police Confrontation

Government To Ensure Order

PA2407210292 Managua LA PRENSA in Spanish
22 Jul 92 pp 6, 20

[Excerpt] After an intensive shoot-out between policemen and discharged soldiers in the area near the Presidential Palace on 21 July, the Government Ministry decreed the site of the incident a zone of "police operations" and announced that the police and the Sandinist People's Army (EPS) would proceed to reestablish public order.

Early on the morning of 22 July, EPS and National Police detachments were deployed in the area of conflict which, according to an official Government Ministry communique, encompasses the area around the Presidential Palace, the Finance Ministry, and Luis Alfonso Velasquez Park.

"All people who are on the streets in that area are asked to immediately evacuate the area by heading south along Bolivar Avenue only," the communique stated.

The police and the EPS have been manning military posts in the area since 0030 on 22 July. According to the communique, these posts will remain until further notice. Ten policemen were seriously injured during the armed confrontation which began at 2000 on the evening of 21 July. According to the final police report, two discharged soldiers and a National Bus Enterprise worker were also injured. [passage omitted]

Officials Hold News Conference

PA2407194692 Managua Radio Sandino in Spanish
1533 GMT 22 Jul 92

[News conference by General Humberto Ortega, commander in chief of the Sandinist People's Army; Jose Joaquin Lovo, acting government minister; and Commander Rene Vivas, chief of the National Police, in Managua, moderated by unidentified individual, with foreign and domestic correspondents—live]

[Excerpts] [Ortega] At a news conference similar to this one on 25 May 1992, we assessed, along with the government minister, the chief of police, and the chief of Army Staff, the peace process that is taking place in the country. On that occasion, as you might recall, we analyzed all the problems pertaining to the recontras, recompas, civilian disarmament process, and all subversive and illegal activities that were still claiming casualties and disturbing the lives of all Nicaraguans.

On that occasion we focused on the methods of struggle used by the various social and political forces in our country. We were [word indistinct] to voice their concerns and views, and their disagreement with various government measures and actions. On that occasion, on 25 May, we also urged all citizens and all the country's economic, political, social, and religious groups to reflect, to make patriotic and more responsible contributions to this peace process.

On 21 July, we, along with the primary leaders of the Army, police, and Government Ministry, reaffirmed that it is vital and indispensable to consolidate definitely and fully this peace process as an indispensable condition to guarantee this country's economic recovery. This is the only solution that would allow us to meet the various needs that the entire Nicaraguan society has in the face of the economic and social crisis that all Nicaraguans are suffering.

In this regard, we first wish to reaffirm to our people, to the citizens in general that the peace process is advancing despite reports in the media so far.

The pacification process is succeeding over the small groups that are still conducting acts of vandalism in some mountainous regions of the country. We are certain this pacification process will achieve decisive and substantial results in the months ahead so that next year we will feel greater confidence about getting more fully into the process of economic recovery in the country, which is the only thing that can truly meet the different demands by groups beset with the crisis. We want to begin this news conference with this very important point. Anguish cannot continue to exist in a people who are suffering the impact of a very serious economic situation. The somewhat disproportionate and alarmist views counter the hard work to achieve the pacification that has been taking hold all these months.

The National Police and the Government Ministry authorities, for example, will continue to strive earnestly to make the pacification process attain the desired results. The plan to disarm civilians should continue through the Special Disarmament Brigade [BED]. Small-, medium-, and large-scale farmers and cattlemen in the rural areas should continue to support the police and Army units to counter these small groups of vandals still operating in some areas of the country. Although the scope of their operations is dwindling, they continue to be a danger to the tranquillity of citizens and their effort to achieve economic recovery. For that reason, we will continue this effort.

We also will continue to curb the levels of subversive activity which some people have tried to increase for different reasons and which would create even more serious situations in the country. [passage omitted]

We, on behalf of the Army, police, and Government Ministry, want to express our full support for and solidarity with the comrades who have been injured irresponsibly by the actions of protesters who acted with hatred and premeditation against the police who were only carrying out their legitimate duty.

We also want to state that, not only within the framework of the law and the Constitution of our fatherland but also taking into account reasonable elements of analysis, it is impossible for any Nicaraguan of any political affiliation, religious creed, economic class, or social position not to condemn the violent methods used by protesters, be they students, workers, or others.

We believe that it is the duty of all Nicaraguans to condemn these violent practices. We consider it a great act of irresponsibility on the part of the leaders of different sectors of Nicaraguan society not to openly, strongly, and firmly condemn the violent methods that almost cost the lives of some police officers.

We condemn these incidents, because they do not contribute to the stability of the country. [passage omitted]

We cannot accept that, by taking advantage of the great difficulties afflicting this country and the poverty we see in this country, there be radical speeches that make no contribution at all, but rather worsen the crisis we all want to solve.

Concerning the media, we feel that our work is very important and we deserve greater consideration, not only from the local media but also from the foreign media who send abroad an image that is false and that does not contribute to the solution of our problems and to the understanding we need from the foreign community for help in overcoming our problems.

We specifically want to appeal to the local media. We think that just as we have been making progress in an effort to become more professional, it is just as important for the local media to move ahead.

We want to point out something. We feel the media in general—of one ideology and the other—more than limiting themselves to report the events, have become true platforms for the various political interests which oppose the government, the Army, and the police for one or another reason. We felt the media open their microphones and pages to incite destabilization rather than report.

We have seen how the media keep their microphones open in an irresponsible manner, thus confusing liberty with libertinism, abusing the tolerance of the freedom there is in this country. We should feel proud. Any Latin American country, any hard-working force, any leftist group, would envy the freedom we enjoy here.

Microphones are opened to the people at difficult moments when the country needs everyone to remain calm and cool even though our hearts are burning. When we need to call everyone to order, what do we have?

We see that you offer your microphones to *companeros* or to agitated citizens who call the people to rise up in arms; who call other *companeros* to show their weapons and concentrate at certain points around the capital city. We see you turn on your microphones and allow agitated citizens to make any claim they so wish without any sort of support. In so doing, you are serving as a platform from which to slander the Army's high command, and become part of the subversion we are experiencing. Legitimately, by law, by the Constitution, and by historical right, we have come to establish order, and are prepared to proceed to establish order in pursuit of this country's historical objectives. In this regard, we urge the broadcast media, at critical moments like the current one, to be more professional and more careful, so as to avoid contributing, through the power of the media, to situations that, far from bringing solutions to the problems, actually aggravate the problems.

We also wish to make perfectly clear that we totally disagree with the image that certain broadcasters are portraying of a face-to-face force on equal terms with the forces established by the state: the Army, the police, and the government authorities facing criminal, vandal, outlaw, and irresponsible insurgent forces. We totally disagree with calls for all forces not to use force. The only ones you can demand not to use force and violence, are those who are not authorized by law or by history to use such force. We are the only ones authorized by the Constitution and the law to use force. The use of force by the state and by the government is admissible when the use of such force is required to guarantee the government its right to govern and to enforce those measures this or any government sees fit.

In Nicaragua's case, and backed by its historical right, we believe we have the legitimate right to use force against those who irresponsibly, illegally, and with no historical authority use force and violence, perpetrate cowardly attacks against the police, abuse the tolerance and caution the police uses when carrying out its duty, and we

believe that it is not right to arouse the people as if we were on an equal terms. It is important for legitimacy to be strengthened against crime. [passage omitted]

I am sure the majority of Nicaraguans do not think a worker, regardless of the party he belongs to, should obstruct traffic, cause unrest, and discredit the cause he claims to defend with his own actions. In addition, we feel we are moving in the right direction despite the efforts of different sectors—from one side or the other—that do not understand this process of reconciliation and pacification and through different news media have tried either to destroy our institutions or to turn them into a blind or crippled instrument of their political plans. Our institutions are feeling the impact.

The pacification process, however, is making progress. We feel that for the sake of peace and law and order it is important that in the future those who engage in extremist actions, stand outside the law, ignore history, and feel entitled to do anything because they are allegedly defending either this or that cause [seven-second break in reception] will have to be stronger to ensure freedom and to ensure chaos does not prevail in the country, and we lose the freedom that has cost us so dearly to achieve since the last century.

In order to have a framework of law, order, and tolerance here not just in this government but in future governments, it becomes important to enforce the law more and more, implement with greater vigor the state's instruments that allow the use of force to defend freedom and historic gains. Yesterday, we decided that we need to strengthen our legal instruments so that shooting a police officer does not go unpunished, and so that those who shoot a police officer do not go free. The most serious thing is that the person who engages in these actions is considered a hero by the different news media, depending on his political views. If he is a *recontra*, he becomes a hero. We have the example of man named (Matison), who was killed for his criminal activities, and yet some news media are portraying him as a victim. The same thing happens if he is a *recompa*. He is portrayed as a hero or a victim. The poor workers are portrayed as victims, but the news media do not mention they are going around carrying steel rods, shooting birdshot, and are capable of killing any citizen.

That is not all. They are armed with guns and still have weapons of war. We want to say we have the support of the people. We are deploying fully the security and police corps in an effort to locate all these people. We will enforce the law more vigorously. We are not going to let anybody do anything with impunity or to walk the streets as if nothing happened. These criminal actions are jeopardizing the freedom the people have been striving for with so much effort and sacrifice for more than 100 years. This is another point we feel we must mention today.

Before Acting Government Minister Joaquin Lovo and National Police Chief Rene Vivas begin to speak, I

would like to talk about the problem of discharged soldiers. It is not that some media express their views, but that the news media have served as a forum to spread disinformation, something that poses a threat to the moral integrity of this institution. We have worked all the time to ensure their discharge has as little difficulty as possible, in the midst of the country's crisis. [passage omitted]

We, the Army command, which some media have insulted, want to state that all the land and property offered by the government, even the last inch of land, were placed at the benefit of retired Army officers. Currently, no active duty military personnel have received these benefits. There will be no further reductions in the Army.

Even a little Army property, as we do not have much property, such as some military bases and shooting ranges, as well as farms, were practically given away by the Army to benefit the retired Army officers.

As part of the economic recovery of this country, we want to state that we gradually must seek to improve the future of soldiers who remain in the institution. They are entitled to this. In the measure that GNP [gross national product] and production grow, employment and the budget will also increase. This will make more funds available for all.

We hope that the situation of active duty officers, who face serious difficulties and poor working conditions, will improve gradually so they do not become a corrupt Army or police. This has happened in other countries where police have been involved in drug trafficking and other crimes. [passage omitted]

[Moderator] Joaquin Lovo, acting government minister, will begin speaking now.

[Lovo] The Government Ministry is responsible for guaranteeing public order throughout the country. To this effect, we also have the responsibility to watch over and interpret correctly the dialogue in which the Violeta Chamorro government is making reaffirmations to various sectors which for one reason or another are creating tension in the national atmosphere. We have done so, and you have observed how on the night of 21 July we held long talks and managed to bring closer the Ministry of Construction and Transportation officials, the National Bus Enterprise [Enabus] workers, and the Union of Transportation Cooperatives members.

Within that same framework, there will be a meeting on 22 July with the recently discharged members of the Army. We are determined to continue holding talks with the various groups, but we must be realistic, clear, and specific in these talks. Nonetheless, the duty to preserve everyone's right compels us to make adequate and correct use of the public force within the framework of respect for human rights. By the way, no one is making any human rights claims to those who are the guarantors of this responsibility in the national territory, that is, the

police and are—under special circumstances—supported by the Sandinist People's Army [EPS].

The citizens' rights to their lives, to their freedom of transit, to their property have been recently violated on the streets of Managua, and you know this very well. Anyone who steals a privately owned vehicle to take it where a protest—any protest—is taking place, is considered a hero, as if he were voicing his rebellion. However, we do not seem to understand that this situation is totally different from the situation in the past that led to the violence that was necessary at that time. The situation today should be properly channeled.

People have been exposed to violence; there has been sedition; public buildings have been attacked. The people have been abused; they have been forced not to work when in fact they wanted to work. Transportation services have been suspended.

Protests and the right to strike are guaranteed in Nicaragua. However, we must know how to make use of the protests. This government will never use public force to intervene in a strike situation that respects the rights of the workers who want to work. That is why we are here to reaffirm that together with the public force, we are determined to enforce the law and that we have the duty to preserve the rights of the citizens.

We cannot negotiate with any group the rights of the Nicaraguan people, the transportation rights of Nicaraguans, the property rights of Nicaraguans, which is an extension of their lives. How can we negotiate if we are in charge of preserving those rights?

We will strive to channel these actions and the protests that continue to take place in Nicaragua. As long as these are done within the framework of the law, we will continue with our efforts to make our small contribution to peace, which is so important.

We understand correctly that reconciliation is not a romantic term, but a specific term expressed with actions, and the media has a lot to do with it. It is not a term that a party can take lightly, as it must in fact find reconciliation and, with the contribution and the position of each sector of society, try to reconstruct and form a new and vigorous collective soul; a soul that will leave our children a better, stronger, more clear and stable Nicaragua. For this, not only do we regret the events of 21 July against the police, but we also condemn them and ask those who acted irresponsibly to reflect, to reflect deeply with a patriotic spirit. We mean anyone, political party leaders, journalists, whoever had an opportunity to make a small contribution—just a small contribution—to prevent these incidents from occurring. We might have gathered here today, not to regret the incidents, but to say that there had been an excellent opportunity, an excellent opportunity [repeats himself] for Nicaraguans to demonstrate what reconciliation really means through our actions.

This news conference, then, seeks to tell the hard-working, honest citizens of Nicaragua, those who live within the law, that the Nicaraguan Government has a public force that is determined to preserve these rights at all cost. I now leave you with Commander Rene Vivas, the chief of the National Police.

[Vivas] I would like to take this opportunity to tell the press how the events really unfolded. Unfortunately we have not seen these events reported with objectivity in the newscasts, editorial pages, or on television. On the morning of 21 July, the discharged soldiers forcibly held the deputy minister of finance. At that time we were at the Government Ministry, precisely trying to make our constructive contribution to the solution of the transportation workers, within the limits of our possibilities, when we heard about this irresponsible move.

I personally went to speak with the former soldiers and explain that it was impossible to sit down and talk under those circumstances. I reminded them that this was a kidnapping, which is against the law and would hurt their cause. I told them I was sure this was true, given that no one at all, no government, authority, or official, can negotiate anything with a gun to his head. There I realized that not all of them proclaim the use of violence. There was an internal argument, because there were sensible people among them—lieutenants and officers—who realized the risk that such an irresponsible action as this posed to their own cause and their own demands. They agreed and convinced the more violent members to avoid unnecessary risks by endangering someone's life. We then accompanied the deputy minister to his office.

In a gesture of goodwill, flexibility, and the desire to find a negotiated solution to the problem, I agreed to set up a meeting with the joint chiefs of staff. This happened on the afternoon of 21 July. They met again later and the former soldiers were briefed on the difficult situation the country was facing and the relatively favorable conditions they had been given, which I would say are much more favorable than those awarded to other workers who have been discharged from their jobs.

No one else has been guaranteed payments equivalent to five years of salary. No one else; not even the workers of Aeronica, PL-1, and PL-2 [expansions unknown], slaughterhouses, National Bus Enterprise, or the workers affected by the merger plan.

[Unidentified speaker] That is four years.

[Vivas] Four years, I was just corrected; four years of guaranteed salary. I committed myself to intercede on their behalf before the *comandante* (?ministers) who immediately said: No problem, we will meet and see what we can do about it. After this meeting, the retirees adopted forceful measures again, specifically, they attempted to surround the Finance Ministry building. I was surprised by this, because I really thought it was incredible for one of the leaders to admit over a radio station—I do not know whether you listened to the radio on the evening of 21 July—that their intention was specifically to hold Finance

Ministry officials against their will to force the holding of a meeting by maintaining a forceful stoppage, a forceful retention of officials.

We again talked to them and told them that their action was incorrect, illegal, and dangerous because evening was approaching. Moreover, this problem of the retirees was being connected to the problem of the transportation workers and the problem of the students. People having nothing to do with the retirees' conflict were in the immediate area.

We had reports that some of them were armed. Nevertheless, the police showed up mainly with tear gas. The retirees were told that this situation would not be tolerated; that we would have to proceed to enforce the law and resort to our units to end the stoppage they had provoked at the Finance Ministry offices should they not leave.

We took action and they replied with gunshots. Several policemen—more than seven of them—were wounded. Some of them were even unarmed because they were prepared to carry out an operation involving mainly tear gas and riot tactics, which have the specific virtue of producing no casualties. This is the kind of operation that we have grown accustomed to in the past two and a half years.

We were fired at in an irresponsible and criminal manner. I really think this introduced—and this worries us—a change in the style of protests. Until now, protests involving labor, student, teacher, and health sectors, and so on, have had a clear limit. There should have been no gunshots. [passage omitted]

[Unidentified reporter] I would like to ask you the following: Due to recent events in Nicaragua, some international circles are questioning the viability of the government or the chances the current government has of remaining in power. Thank you.

[Ortega] Regarding the government's viability, judging by the situations currently faced by other governments in the world—for example Peru—we have one of the firmest, most stable, and most supported governments, as far as the election results are concerned, than in other parts and other countries, which are truly facing conflicts. For example, I am sure Nicaraguans do not want the chaotic situation that prevails currently in Peru, and we will never allow that here. We have problems here, but I think it is evident that our current economic problems and whatever problems the government may have do not indicate, either here or abroad, that this government is crumbling.

I think the people have the strong hope, I mean 90 percent of the voters on either side, those who voted for Daniel Ortega or Violeta Barrios de Chamorro, that it is necessary, or rather that it is possible in this government to keep the two things the Sandinists also promised before the elections. Those things were: to achieve total pacification and to achieve economic recovery. I also

want to comment further on the example I gave of what would have happened if the Sandinists had won the elections. With the collapse of the entire socialist front, which provided the bulk of the support for the Sandinist government, with the collapse of the socialist camp and the fact there was no solution in El Salvador, it would have been highly unlikely we would have received the kind of foreign aid this government has received. That is a fact, and it would have entailed greater hardship for the Nicaraguan people.

That does not necessarily entail a bad government, I did not say that. But the fact remains that even with a good government the material resources for this country would have been much more complex and difficult. Today, we could not even think of giving anybody a one-month fund or compensation. We would have been facing a hard time seeing how we could organize to exchange paid work for an AK rifle. That would have been the reality in Nicaragua. I am not saying that government would have been better or worse. Regarding the decision ... [changes thought] In my last public appearance, I clearly stated—just as I and the Government Ministry and police stated last year—that the EPS and the police have been systematically reinforcing joint plants.

We already have different levels of cooperation and coordination involving heightened combat readiness and different states of emergency to face conflicts and the rapid deployment troops. What we carried out this time were merely the agreements we already established between the Government Ministry and the police and the EPS to face a conflict. This was established already, and, of course, the order to provide support to the police, by adding EPS troops, had to come from the Presidential Palace. In this case, that means Presidency Minister Antonio Lacayo, representing President Chamorro who is out of the country.

[Moderator] Here is Rafael Valle of Radio Corporacion. Newsmen are advised [words indistinct].

[Valle] Rafael Valle of Radio Corporacion. General Ortega, on the evening of 21 July, several policemen who guarded the National Assembly and the Presidential Palace were severely wounded by the military [word indistinct], who took over Bolivar Avenue. There, they also held a large number of war crippled [words indistinct] as hostage. As Army chief of the Chamorro government and in keeping with the law, will you file suit against these gentlemen so they can be punished by court authorities. These gentlemen also [words indistinct] thieves? How do you see this?

[Ortega] The government minister can answer that question.

[Lovo] Listen, not only in the case of the wounded policemen, in case of an attack against any person or if a person is stripped of his right in a protest, if the affected individuals file suit, we will proceed within the framework of the law.

In the case of the attacks against policemen, we are precisely investigating this matter from a general perspective and determining the corresponding violation. We will proceed against those who attacked the policemen. We will conduct a thorough investigation. We are going to try to establish responsibility. As you know, this is very hard, but we will do our utmost in this regard. [passage omitted]

[Moderator] Journalist Tim Johnson of THE MIAMI HERALD has the floor.

[Johnson] I have two questions for General Ortega. You referred to the case of [word indistinct] in Juigalpa. I wanted to ask you, how do you respond to accusations by recontra leaders that there is a campaign to eliminate them? Do you still see an atmosphere of revenge from either side, two years after the end of the war?

I also wanted to ask you about how the sale of helicopters to Peru was going? Will it be a barter or a direct sale? How much money will be obtained and where will it ultimately go?

[Ortega] I want to clearly state, as Government Minister Mendieta said in due time, that so far the accusations, or the campaigns, waged by some media that there is a plan to eliminate leaders of the former National Resistance [RN] is false. There was even an attempt to practically make a movie about an alleged attack on RN leader Ruben [Oscar Sovalbarro]. We have learned that Ruben himself said that his statements were manipulated. There has not been, nor will we allow, such a plan to take place. [passage omitted]

[Moderator] Roberto Gonzalez.

[Gonzalez] Gen. Ortega, what are the possibilities of the Army giving, despite the circumstances, more time to the comrades who are about to retire? Can the Nicaraguan Army get financing from a bank, a private bank, a Central American bank, or an international bank so that the money that will be given on a monthly basis to the comrades who retire next month can be given in a lump sum? Is there any chance you can do this? Do not forget that the comrades who have 10 years of service—many have 13 years of service—in the Army have the same right to receive the benefits given to comrades who retired in PL1 and PL2 [expansions unknown]. Nevertheless, the former will not receive the same benefits because all that was available has obviously been given out.

Second, Commander Daniel Ortega was quite clear on 19 July in Revolution Square. The Army and the police have been used by the government to carry out a series of violent actions against the population in different parts of the country—and human rights commissions have reported this. Commander Ortega said whenever the Army and police become Somozist institutions the Sandinists will again be up in arms. What are your comments?

[Ortega] The first Sandinists to be up in arms against any Somozist presence would be Violeta Chamorro and all of

us who are here, because Sandino is a patrimony of the nation and all the citizens respect Sandino; and they are Sandinists in one way or another—like Pedro Joaquin Chamorro and Carlos Fonseca. Instead of being used by the government we have been controlled so Christian love prevails rather than having to enforce order. When recontras appeared, even the U.S. Embassy requested, through the government, flexibility in the Army to advocate talks and seek a solution to the problem. Our guideline was to end forever any armed rebellion, either by recontras or recompas, for the sake of our history and the revolutionary cause for which Sandino, Pedro Joaquin Chamorro, and Carlos Fonseca struggled. That is why elections were held and that is why all the voters cast their ballot for peace and an economic recovery.

In that sense, I do not see the threat that Somoziism is being imposed here. Somoziism is not being imposed here. There is an historic framework here, which is not unknown and which reflects the best of Nicaragua's history in over a century. We must perfect it with a view to the new century. I think that there cannot be the slightest inclination toward violence. To take up arms against Somoziism at this time would be simply to face a ghost. Somoziism is not viable here. All Nicaraguans, I am sure, even the staunchest pacifists of the FSLN as a party, would not accept Somoziism. This Army, within the framework of the law and the Constitution, would have to fulfill its role of fighting Somoziism.

That is the situation. We have never been handled or manipulated by the government. We are aware of the historic role we are playing. We merely consider how to apply the laws. To apply the law here is not to go and attack students with tanks and to kill them in a savage and criminal manner. That is not how law and order are enforced. Students of the extreme right make accusations against us because we are not causing 2,000 dead here, as occurred in Caracas.

The leftist and Sandinist people accuse us because we do not tolerate vandalism. Many Sandinist leaders and Sandinist media espouse vandalism allegedly for the benefit of the poor and for the benefit of the revolution. To me it does not signify struggling for the poor people's cause to allow and to miseducate a poor person, making him think that because he is poor he can do anything he pleases. This would give him the right to enter the home of a humble family because he is poor, poorer than they are. We would be falling into chaos. We simply are not going to be criminals and are not going to tolerate the violence provoked for political causes or motives.

Regarding the other matter, we said there is going to be a meeting. We find it difficult, because we are talking of over \$13 million. It is difficult that anybody is going to finance \$13 million here. It is very difficult, but I think the key here lies in what we have insisted on time and again. It is that, amid the poverty and difficulties, we should stress the importance of economic reactivation,

so that next year, the following year, and the year following that, we can reactivate the country and thus solve everyone's problems.

If the \$10 million is renewed and if production improves next year, we might consider analyzing with the government in the coming months the possibilities of having more investment. Then we could give everyone what they want, all at the same time. In fact there are an important number of people who would rather have the money on a monthly basis, because they have learned of other companeros who have had problems and have been left without a minimum guarantee. Many humble housewives of companeros would prefer that method. It is, in fact, a type of savings and guarantee which they would have, so as not to squander the money. That is something we are going to practice. We are not narrow-minded and it all depends on the real possibilities.

[Raul Oviedo, of Radio Nicaragua] This is a question for the Army commands. I know of some cases of soldiers who on the eve of elections, because of this or that problem with the intermediate commands, left the Army. They are unemployed and discontent today.. What message do you have for them? I am speaking of soldiers who held the rank of lieutenant and were in the Army for nine or 10 years. What is your message to these soldiers?

[Ortega] We convey the message that we have conveyed to everyone who is unemployed and desperate. We can resolve their problems only if we tackle the job of achieving our economic recovery. [passage omitted]

[Moderator] Ada Luz Monterrey, from Radio Sandino.

[Monterrey] Gen. Humberto Ortega, first of all I would like to ask you not to lambaste me. With due respect I must say that you appear to be somewhat upset.

[Ortega] No.

[Monterrey] President Chamorro's recent statements about her leaving the government if her brother-in-law leaves it, have had a strong impact on various sectors of society. Some believe there is a power vacuum in the current government and that the government is trying to compensate for this vacuum, this lack of social backing, with public force, in the form of both the Army and the police, considering that the majority of the people are tired of the government's justifications.

As a Nicaraguan I share your opinion, General. The majority want peace, but peace without hunger. Because of this, I ask you to speak again about this concern of thousands of Nicaraguans: Are the Sandinist People's Army and the National Police being used because of the power vacuum of the current government? Thank you, Commander, General.

[Ortega] I have already said that neither the Army nor the police are being used. We are fulfilling our duties. There is no power vacuum here. Here we have clear, legitimate, and elected power. Our country is simply

facing, like any other country in Latin America or the world, problems that are present also in developed countries.

There is no crisis here. We are not being used as the tool of anyone but the Constitution, the law, and the historic conditions that exist in the framework of our laws and Constitution. And I am not upset. You know this is the way I talk, don't you? [passage omitted]

[Moderator] Correspondent Gomez, of The Thought newscast.

[Gomez] I have two questions, one for Gen. Ortega. He said the peace process is underway. However, he also mentioned that some small groups are operating in the north. Then he said that there will be total peace next year, and that he expects results in the next few months. I do not understand. Will the EPS carry out actions to dislodge those armed groups currently operating in the north?

The next question is for Commander Vivas, regarding the march scheduled for 23 July, which is expected to be a big march, in which students from Leon will be participating. This could be an attempt to revive an incident that occurred in the sixties, when students were also violently repressed. Based on that experience, will you permit this march, or what recommendations are being made?

[Vivas] First of all, I object to the word also. I recall the march of the sixties, and the word also does not fit here. We have not massacred students. Regarding the march, discarding the word also, everybody here has a right to march. Moreover, on many occasions activities of that type are carried out without authorization. According to the law, authorization must be requested from the police 72 hours before the event, and the marchers' route must be established so we can give them the necessary protection, coordinate traffic, and so forth. This march has been authorized. However, we would like to remind the students that the police forces today are different from the forces that existed in the sixties. There will be no aggressiveness. Our presence will be limited to complying with our duties: regulating traffic, preventing disorders, protecting the marchers, preventing vandalism during the march. That will be the scope of our action. We urge the university community, rectors, professors, students—including hundreds of policemen who are also university students and as such could be participating—to march with a responsible attitude, peacefully. We hope this march will be different from what we have seen during the past few days. On our part, we will be absolutely respectful of the students' march.

[Ortega] Regarding the groups operating in the north, as you know, at the beginning of the year we faced a very dangerous situation as a result of the problem of recontras and recontras we had at the end of last year. The situation is different now. In a report we issued in

May we noted the results of the peace efforts in rural areas. Currently, the actions carried out by those groups are very much neutralized.

We must admit, however, that there are groups of vandals, whose actions affect farmers, ranchers—small, large, and medium producers—as well as merchants in Matagalpa, Jinotega, Chontales and Boaco, who are suffering the consequences. We are talking about groups of vandals that are remnants of the previous situation of recontras and recontras, comprised of approximately 1,000 men. Most of them, approximately 400, are scattered in the area of Chontales, Nueva Guinea, and all of Region Five.

There are also more dangerous forces, in the northern-central area, which includes Matagalpa and Jinotega. Those groups are headed by El Guapote [Arnulfo Noguera] and El Indomable [Jose Angel Moran Flores], who as you know are trying to reorganize. El Indomable is the one who supposedly traveled to the United States. However, according to contacts he has had with a journalist, he has reiterated that he will or is already working on regrouping his forces. We are talking about approximately 1,000 men. Undoubtedly, compared to the contras that remained up in arms after the elections—approximately 30,000—and the situation we have had to face, we have made great progress. On a scale of 100, we have accomplished 90 percent of our goal.

In addition, there are approximately 400 men who are currently in the process of dialogue and disarmament. This process continues. Right now we have economic problems due to the country's difficult situation. We have not been able to provide the BED millions of cordobas it needs to continue the process of recovering and destroying weapons that are currently in civilian hands. We currently are trying to resolve this problem, which we will discuss with the government to see what possibilities exist for obtaining the funds required for this purpose. That is the situation.

No Agreement Reached

PA2507034692 Managua Radio Ya in Spanish
1100 GMT 24 Jul 92

[Text] After holding two rounds of negotiations, the retired Sandinist People's Army [EPS] military officers have said that no agreement has been reached due to intransigence on the part of government authorities and the EPS negotiating team.

Lieutenant Antonio Rodriguez, member of the Commission of Retired Military Officers, stated that they have eased their demands from 60 months worth of salary to 48, but government officials claimed it is impossible to pay them that amount because of problems with the country's economy. Government sources explained that the government now has a deficit of 180 million cordobas.

The retired military officers decried the fact that while their economic benefits are curtailed, those holding the rank of captain will receive the same benefits as the retirees plus \$5,000.

They also reported that during the day, the officers who leave the group that remains near the Jose Benito Escobar Sandinist Workers Federation [CST] are jailed. They added that so far seven officers are missing.

The results of a new round of negotiations that was held on the evening of 23 July are not known.

Negotiations Fail

PA2607161192 Managua BARRICADA in Spanish
25 Jul 92 pp 1, 12

[Report by Carlos Garcia Castillo]

[Text] After five days of protests and two days of negotiations, the National Commission of Retired Soldiers [Comission Nacional de Militares en Retiro] reported that the talks with government representatives and the EPS [Sandinist People's Army] command staff failed again on 24 July.

Adolfo Delgado, the coordinator for the retired officers, reported that the lack of a positive response to their demands had prompted 17 former officers to start an indefinite hunger strike at the Sandinist Workers Federation [CST] headquarters on 24 July.

At a news conference, the former officer charged that 15 former officers had been arrested illegally by the police while the negotiations were being held with the government. The arrests were made near the CST, where their colleagues were fasting.

Delgado added that in order to protest over this "illegal action," they decided "to take over symbolically" the Sandinist workers' office and thus prevent more arrests inasmuch—he added—they have been threatened.

The military, who form part of the last contingent of officers who have retired as part of the policy to reduce the Army, announced the appointment of a group "of mediators" who together with the government will seek alternatives to solve their demands.

The mediators, who are seeking contacts with the government, include Dr. Vilma Nunez de Escorcia, president of the Nicaraguan Human Rights Center; the Reverends Miguel Angel Castro from CIRPES [expansion unknown] and Gilberto Aguirre from CEPAD [Evangelical Committee for Development Aid]; in addition to Freddy Cruz, economic adviser from the National Workers Front.

Delgado said that in two days of negotiations, the government gave evidence of being inflexible with its proposal of 48 months of military compensation for the founders of the EPS, 41 months for those having five to nine years of service, and 35 months for those having less

than five years. The government proposed paying this compensation over a period of three and a half years.

The military were demanding 60 months of compensation, paid in three installments, but they are flexible about the 48 months. They proposed that the first 50 percent be paid in July and the remainder in three months, but the counterproposal was not accepted by the government.

'Recontra' Leader Reportedly Killed in Combat

PA2507221692 Managua BARRICADA in Spanish
25 Jul 92 pp 1, 12

[Text] A Region 6 military source confirmed late on 24 July that former contra leader Jose Angel Moran, better known as "El Indomable," was killed in combat with the special troops of the Sandinist People's Army while trying to enter the country clandestinely from Honduras to continue engaging in acts of violence in the northern area of the country.

The same source indicated that "El Indomable" was killed in combat early on the morning of 19 July in the area between Dipilto and Las Manos. The source did not say if there were other casualties among the unconventional armed forces that accompanied Moran.

Moran, who served as a medical attendant in the Nicaraguan Resistance, gained notoriety in the past when he unleashed in the northern area a cruel persecution of Sandinists, including soldiers, members of farm cooperatives, and residents in general. Human rights organizations charged at that time that the recontras had killed over 100 Sandinists.

During the first quarter of this year, Moran agreed to lay down his weapon and left for the United States with several of his aides after receiving thousands of dollars in exchange for his weapons and those of his men.

Our source noted that the former chieftain was returning to the country with the support of major U.S. agencies, including the CIA.

EPS Unable To Confirm Death

PA2807044192 Managua Radio Ya in Spanish
1100 GMT 27 Jul 92

[Text] The Sandinist People's Army [EPS] has not officially confirmed the death of Jose Angel Moran Flores, also known as Commander Indomable. Initially, Honduran stations reported Indomable presumably died on the evening of 19 July during a clash with EPS troops at the border zone of Dipilto and Las Manos. Although the EPS General Command does not deny or confirm Indomable's death, it was learned the Nicaraguan foreign minister recently sent a note to the Honduran Government protesting Indomable's presence in that territory.

Colonel Ricardo Wheelock Roman, chief of the EPS Public and Foreign Relations Directorate, said on 26 July he could not confirm Indomable's death because it was also reported Indomable died during a clash with the Honduran Army.

Col. Wheelock admitted the Army recently clashed at the border area with armed groups, which are considered criminals, and Indomable could have died in those clashes. The EPS spokesman said the only reports received so far say Indomable died in a recent shoot-out at the border area between Nicaragua and Honduras.

Said Killed by Former State Security

PA2807043392 *Managua Radio Catolica in Spanish*
1100 GMT 27 Jul 92

[Report by Govis Rosales from Matagalpa—live telephone relay]

[Text] Ramon Espinal Lopez, a citizen who lives in Aguas Frias, which is 7 km from Las Manos, came to our office on 26 July to report that Commander Indomable [Jose Angel Moran] was killed by members of the former State Security Office. He confirmed that two individuals went to his home seeking food and lodging. The two men were dressed in civilian clothes and carried AK rifles and walkie-talkies.

According to Espinal Lopez, a group of approximately 25 Sandinist People's Army soldiers arrived the following day, and machine-gun fire was heard only 600 meters from his house. What a surprise it was, he added, to find four dead men, including Commander Indomable.

That incident has caused great anxiety in Matagalpa, particularly among members of the former Nicaraguan Resistance [RN], because they feel they are not secure.

We are requesting a meeting with members of the International Commission of Support and Verification [CIAV] of the OAS to tell them about recent reports by former RN members. However, we were told that authorities are receiving a large number of reports of persecution by former State Security members every day.

Approximately six former RN members were killed over the past 15 days, but the matter is being treated as if it were a case of common crime.

A CIAV member in Matagalpa said the truth boils down to one thing: Former RN members are being eliminated one by one.

UNO Supports Comptroller General's Office Report

PA2407215592 *Managua LA PRENSA in Spanish*
20 Jul 92 pp 1, 16

[Text] Twelve of the 14 parties that comprise the National Opposition Union [UNO] coalition issued a communique in support of the Comptroller General. The communique, which is dated 18 July, states:

The undersigned political parties, members of the UNO electoral coalition that won the 25 February 1990 elections, address the Nicaraguan people and the international public to express its position regarding a report issued by the Comptroller General on the embezzlement of public funds:

1. The report, issued after six months of professional work by auditors and legal advisers from the Comptroller General's Office, is credible, has our support, and deserves the support of all the Nicaraguan people who reject any possibility for past corruption to continue.

2. It is worth noting that the embezzlement report originated in the government cabinet itself, and the investigation was conducted in the Presidency Ministry. Both entities are executive branch dependents; therefore, the president has the legal, political, and moral obligation to impose the administrative sanctions established by law on all officials involved and clearly leave on record her rejection of government corruption.

3. In the case of the National Assembly representatives involved in embezzlement, the National Assembly has the same legal, political, and moral obligation to impose the sanctions specified in its bylaws and clearly leave on record its rejection of corruption by legislative branch members.

4. We call on all the forces that accompanied us in the February 1990 civic victory to support the Comptroller General's report and demand that all guilty parties be punished.

Managua, 18 July 1992.

*** H. Ortega's Rejection of Interpellation Viewed**

92CA0186B *Managua LA PRENSA in Spanish*
28 Jun 92 p 6

[Commentary by Alfonso Moncada Guillen: "Interpellation? Not for the Generals"]

[Text] The legislative branch's interpellation of a public official is one of the activities and interrelationships of the organs of government. In political language, "to interpellate" means to demand explanations from a government official about matters relating to his post.

Members of the military never like it when a civilian government demands that they account for their actions, and less still when it censures them. There is no democracy involved in giving and obeying orders. They feel that their prestige is being tarnished and that their power is being questioned when they are interpellated about matters relating to their posts, and much more so when they are censured.

Our military is no different. They too suffer from this allergy to civilian government. We can thus see EPS [Sandinist People's Army] commanders reacting violently to the slightest hint of an interpellation. No one is

threatening their uniforms or their power; they are simply being asked for explanations.

General Luis Mena, the powerful war minister when the revolution that overthrew Zelaya in 1911 was victorious, did not even tolerate an attempt to legislate interpellation and censure by the legislative branch. When the assembly back then proposed to incorporate this salutary principle into the draft constitution, the powerful Mena, relying on an executive decree of course, dissolved the Constitutional Assembly with a single blow of his sword and convened a new assembly that submissively approved the Constitution of November 1911, whose provisions make no mention whatsoever of the legal institutions of interpellation and censure.

Since then and as a result of this event, when anyone refuses to do something that the law calls for or demands, they use a very telling expression and gesture to voice their intentions forcefully so that there can be no doubt about them: "This one, Mena said!"

General Humberto Ortega has refused to appear before the assembly for interpellation, thus causing a very serious confrontation between the executive and legislative branches, which are polarized around their respective presidents.

The president of the Republic's resolute support for the general's refusal to appear, along with the argument of unconstitutionality and the context in which the incident is taking place, has led to a crisis that is in no way conducive to the stabilization of government institutions. At this point the general has been protected by the court, and the interpellation has been called off.

The true scope of the situation is more serious than it seems. What is involved is one government branch's dominance over another. We Nicaraguans cannot applaud the executive branch's weapons-supported victory, whether *de facto* or *de jure*, because it will lead inevitably to a dictatorship.

We must deplore the mischief of certain deputies who opened the assembly's back door to the general so that he could avoid the interpellation. They did not realize that they were jeopardizing its very existence as a deliberative body.

General Ortega has to be reminded that the powerful General Luis Mena won the interpellation battle with the assembly but in the end lost the war that he himself started to become president of the Republic, in spite of his great prestige as a victorious military officer with influence among the people.

No one doubts that the problem is essentially political. Accordingly, these situations benefit or harm the actors involved, increasing or decreasing their political capital, in addition to influencing the fate of the political ambitions of prominent figures.

When it comes to interpellations, the National Assembly is nothing more than a temporary, symbolic forum. The real interpellator of government officials is the people,

whose court is in permanent session and whose mandate does not expire. Sooner or later the people submit the bill, as in February 1990.

Starting today, and for who knows how long, General Ortega will be permanently interpellated by the great majority of the Nicaraguan people. We will have to wait until he decides to appear and offer the explanations that are now being demanded of him.

* Former Contras Receive Land, Farms

92CA0187A Managua LA PRENSA in Spanish
16 Jun 92 p 2

[Article by Denis Garcia Salinas]

[Text] Pita del Carmen, Jinotega—Yesterday the government turned over to former members of the now dismantled Nicaraguan Resistance a property totaling 203 blocks and worth \$100,000, in accordance with agreements made concerning the granting of land, loans, and housing to former contras.

It is here in this town deep in the mountains north of Jinotega, some 211 km from Managua, that one finds the San Lorenzo estate that the governor bought from Jinotega farmer Ramon Hernandez for the purpose of turning it over to 35 heads of families.

The region was the scene of bloody fighting between the Army and the dissolved contras during the hard war years that left more than 50,000 victims and caused enormous economic harm.

It is the second distribution of farms made by the Ministry of Government's representative, Frank Cesar, to armed groups that took up their weapons again in order to bring pressure on the government to comply with agreements signed concerning the granting of land.

Two weeks ago, Cesar, whom President Violeta Chamorro instructed to enforce compliance with the agreements, turned over to a group of former Sandinist soldiers, now known as *recompas*, a 400-block farm located in El Tuma.

Cesar told the former contras that four more farms would be turned over this month to armed groups that recently laid down their arms in the hope of owning property.

The government will allocate another six in July, but it has not announced which of the two armed groups that revolted against established authorities would be the beneficiary.

The government is now involved in negotiations for La Estrella ranch in Ayapa for the stated purpose of turning it over to the groups that laid down their arms.

Attending the ceremony was the Ministry of Government's representative in Matagalpa, Amadro Khull; Roberto Blandon, the representative of the Verification

Commission of Cardinal Miguel Obando y Bravo; and Jorge Irias, government delegate for municipal affairs.

Also present were former chiefs of staff of the Democratic Forces of National Salvation, Major "Bolivar" (Jasime Zeledon), now chief of Police of Matagalpa, and former rebel leader "Cinco Pinos," along with Porfirio Molina, who is acting as a mediator between the government and the rebels.

Hundreds of former contras took up arms again only months after some 20,500 former rebels surrendered their weapons in El Almendro, Rio San Juan, to military observers from the UN Observer Group in Central America (ONUCA).

The former contras alleged that they were doing so because the government had deceived them by failing to keep promises of land, credits, and housing.

However, the recontras have now realized that they will not achieve their objectives with their bellicose posture, and as a result, the majority of them have chosen to lay down their arms.

Former rebel leaders Juan Ramon Castro, "Rolando," and Oscar Jose Ruiz, "Marvin," were very satisfied with the granting of the farm, but warned that if the government does not keep its agreements, the farmers will once again take up weapons.

"We hope this will not happen. We want to work," Squadron Commander "Rolando" said enthusiastically.

The San Lorenzo ranch produces 90 quintals of coffee, and the land is suitable for produce and basic grains. It also has pasture land.

In Jinotega, 161 km north of Managua, the government has given rebels 280 lots for housing, where the Ministry of Construction and Transport (MCT) has already begun groundwork.

Yesterday reporters were able to watch as MCT topographers and engineers surveyed land already turned over to former contras as part of the agreements.

Panama

Attorney General Comments on Legislative Immunity

PA2707142792 Panama City Radio KW Continente in Spanish 1200 GMT 24 Jul 92

[Report by Celso Contreras, Jr.]

[Text] Attorney General Rogelio Cruz has told KW Continente that the Legislative Assembly's internal regulations make it virtually impossible for the justice system to investigate these patriots, some of whom are currently under investigation by the Attorney General's Office. We do not believe that the legislators should have immunity, said the head of the public ministry.

The recently approved Legislative Assembly internal regulations have tied the hands of the Attorney General's Office, to all intents and purposes, in the investigation of any legislator. The legal instrument, which was reformed recently by the legislators, broadens their immunity and, one could conclude, promotes impunity. We asked Attorney General Rogelio Cruz about this and he said:

[Begin Cruz recording] I believe you are well aware of the legislator's legal and constitutional situation. We will apply the Constitution and the law despite all obstacles. We have said, and I sustain, that we do not believe legislators in a democratic system should have immunity. The Constitution and the law, however, provide for this immunity, which has now been broadened, and we must obey the law. [end recording]

[Contreras] The legal document known as the internal regulations of the Legislative Assembly, which protects the patriots from any illegal action they may perpetrate, has already had its first effects. Several days ago KW Continente reported that 10 cases, which require the investigation of several legislators, had been rejected. The attorney general, who has his hands tied for the time being, was forced to return the case summaries to the Legislative Assembly for them to investigate themselves. The attorney general had this to say:

[Begin recording] [Cruz] That is correct. Now the assembly must take the next step.

[Contreras] What investigations were being carried out?

[Cruz] There were different types of cases that I cannot remember at this time. I do not recall who the legislators were or their alleged crimes, but this new law prompted us to send the files to the assembly. We are now waiting for the Legislative Assembly to help make criminal justice a little faster. [end recording]

Argentina

Menem Discusses Relations With U.S.

PY2807014892 Buenos Aires LA PRENSA in Spanish
26 Jul 92 p 1

[By Juan M. Corian and Alfredo M. Olivera]

[Text] Buenos Aires and Madrid—A great deal has been said so far about the well-known "strategic Argentine-U.S. relationship." But what are the facts about this, considering the future? This is what LA PRENSA wanted to learn in a long conversation that began practically "at the steps of the airplane" that carried President Carlos Menem to Madrid. The topic of the conversation extended to Spain—in order to verify statements—with the LA PRENSA representative during the presidential tour. The result of the interview, or at least its main parts, follows:

[LA PRENSA] An alleged "skepticism" or "distrust" by certain U.S. power groups toward your administration is frequently mentioned. What do you think about this?

[Menem] Not only has President Bush congratulated us several times, praising some noteworthy coincidences, but the whole U.S. society already observes the Argentine effort, something—we know this—he appreciates. There may be some isolated voices who think the opposite, but they do not affect the essential point.

[LA PRENSA] We propose reviewing those issues that, according to our point of view, constitute "five basic points" of U.S. foreign policy, giving the country's progress on each of these points.

[Menem] All right, ask.

[LA PRENSA] What can the Argentine Government do to seriously contribute to the eradication of drug trafficking or "narcopower"?

[Menem] The first thing the government is doing is to appropriately place all the national potential at the service of a struggle that completely and decisively involves us. Not only do we facilitate a permanent exchange of information with the corresponding U.S. organizations, but domestically we have had accomplishments as a result of the state of alert established by the executive power with the efficient help of the other government branches. These efforts are in keeping with our national interest and with the U.S.' position. You must understand that "narcopower"—something that fortunately has not taken hold in our country—could at least theoretically attempt to pressure the legal power here, but we are not willing to allow this at all.

[LA PRENSA] The second point is about the control of military arsenals in the world, which is also connected with nuclear potential. The United States thinks that it is more convenient for the arsenals to be in "trustworthy" hands. Do they believe we are trustworthy?

[Menem] Not only has President Bush recently congratulated us for the policy followed on this matter, but we are very trustworthy in all senses inside and outside the country, because we observe deep principles linked to domestic interests. Regarding the U.S. President's letter on the world denuclearization proposal to assure peace, one should ask: When was an Argentine president asked about this type of requirement, and also encouraged by the designation of Argentina as an example among nations?

[LA PRENSA] Third matter of interest for the United States: It seems that the decision to patent or recognize copyrights, especially pharmacy and chemical products, is being delayed. What is the government's position?

[Menem] We have not changed it. We will continue to insist before Congress as many times as necessary. This is not only a rational and conscious proposal of the domestic policy, but a commitment of Argentina as a country before U.S. authorities. We will meet the objective because it is a matter of national interest. It also should be understood that it is up to Congress to discuss this and any other law submitted to it.

[LA PRENSA] The fourth concern that can be detected in the U.S. circles of power is energy development—especially oil—and the preservation of its sources by a "trustworthy" private organization. What is Argentina's position in this regard?

[Menem] The Government Oil Deposits privatization process is under way. It is up to Congress to make a decision about it. We also have allowed the exploitation of vast and major areas by private organizations. We follow General Peron's policy in this matter (recall the accord signed with the California company). We also praise the decision made by former President Frondizi, who signed oil contracts that let the country become a self-supplier and promoted extraordinary development. These developments unfortunately were discontinued and abrogated by a government voted in by a minority and with the majority of proscribed people. This caused major losses to the country. We agreed with the U.S. position that you have described.

[LA PRENSA] During the Eco-92 conference, the United States proposed the need to promote environmental preservation but without repressing progress. Does Argentina, or better put, your government believe this is possible?

[Menem] This is possible and necessary. We agreed with this objective, and I am encouraged to say that we have other similar reasons than those mentioned by the U.S. delegation in that summit to meet common objectives dealing with the appropriate preservation of the planet and the requirements for development. Highly developed countries have high levels of comfort as a result of their respective growth process. We must reinforce the energies to achieve this goal. This requires the need to avoid the suggestions of a hollow hypercologism [hipercologismo] that "opposes progress," which some rich countries would like to impose.

We again agreed on this position with those who reflected the U.S. position at the Rio summit.

Menem on Democratization in Castro's Cuba

PY2707191092 Buenos Aires LA PRENSA in Spanish
25 Jul 92 pp 1,4

[Text] Madrid (NA)—President Carlos Menem yesterday categorically stated that "we have very little hope remaining" to achieve the democratization of Cuba "while Fidel Castro is alive."

Menem made the blunt statement during a conversation with Argentine reporters outside Madrid, following a ceremony marking the inauguration of a bust in commemoration of Maria Eva Duarte de Peron at the park that also carries her name.

The Argentine president conveyed the idea that Castro continued to radicalize his position during the session held behind closed doors yesterday morning at the Senate. Menem chaired the session attended by the heads of governments who participated in the Second Ibero-American summit.

"Judging from what we heard today, there is little hope for Cuba to recover its freedom and its democracy as long as Fidel Castro is alive," Menem said.

Moreover, Menem confirmed that on Monday [27 July] he will leave for Zagreb, Croatia, to try to reach the zone where the Argentine Army is operating with the UN "blue helmets" peace forces.

"We will be there on Monday. For security reasons, I cannot tell you how we are going to get there, but on Monday we will be leaving for Zagreb," the Argentine president said.

During the news conference he granted after dedicating the bust in memory of Evita Peron, Menem made a point of stressing his differences with Castro, whom he considered a "friend and counterpart"—as president of another Latin American country.

When asked about the verbal disagreements they had here, as they had a year ago in Guadalajara, the Argentine president said that "they hold two different philosophies of life."

"While I give priority attention to freedom and democracy, Fidel Castro, whom I respect as a ruler of a country, does not worry about these ideas of freedom and democracy," he said.

He added that "the whole world knows very well, and not only because Carlos Menem says it, that the Cuban people are living under a totalitarian regime, a dictatorship, or whatever name is given to it."

Referring to the conclusions on the Ibero-American summit at the end of the ceremony, Menem said that "the time is appropriate because Eva Peron herself used to refer to the need for unity of all Latin American

peoples, a unity that must necessarily start in Ibero-America, that is, in Spain and Portugal."

"This summit was undoubtedly very important if we take into consideration the cornerstone we laid in Guadalajara. We have significantly developed in the aspects concerning the possibilities of our great economic potentials, of our human resources, and our natural resources," he said.

He added that "once we achieve our development we can quickly achieve progress in the fields of education and health. They are not stagnant areas; they are compatible."

Menem then called "very positive" the talks he held with Mexican President Carlos Salinas de Gortari, with whom he agreed "to create a free trade zone between the two countries, which is the same as saying a zone between Mexico and the Mercosur [Common Market of the South]—this might be a step forward."

He added that this agreement "can be extended all along the continent, according to the U.S. proposal, that is, a free trade zone from Alaska to Tierra del Fuego."

In answering another question, Menem said that "the drug trafficking problem was in fact addressed during the deliberations."

"We strongly condemn what happened in Colombia. We are supporting President Cesar Gaviria as we are also supporting the president of Peru Alberto Fujimori—tragedy has struck in both countries."

Menem said that "President Fujimori told us that he could not attend the summit because he wanted to remain with his people to share those difficult moments created by drug trafficking, especially narcoterrorism, in Peru."

*** VAT Collections Exceed Expectations**

92SM0503A Buenos Aires AMBITO FINANCIERO
in Spanish 17 Jun 92 p 8

[Text] Tax receipts are far above the established targets and are projected to hit 3.1 billion pesos in June, up almost 5 percent from the previous month and 50 percent from June 1991, when the convertibility plan was already under way.

Receipts during the first half of the month stood at 1.3435 billion pesos, exceeding expectations by 92.6 million. If the trend holds, the estimates will be overshoot by 215 million. It bears recalling that last month the surplus was 160 million. Accordingly, the administration raised the possibility of paying retirees a sliding 82 percent and projected that in a few months it could reach the 200 million surplus needed to finance these changes. It noted that this requirement has already been more than met, although in order to allocate these monies entirely to the retirement funds the regulations for VAT revenue-sharing with the provinces will obviously have to be amended in accordance with what has been submitted to Congress.

Half of the amount by which receipts exceeded targets came from the VAT, which is overshooting them by 26 percent. It bears emphasizing that employer and social-security contributions are also doing very well.

Reason

The key increase is concentrated in the VAT, however, enabling revenue-sharing receipts to exceed targets by 10 percent during the first half of the month.

If this pace keeps up, close to 1.6 billion pesos in VAT revenue will be collected.

Behind this boom in VAT receipts, however, is a prospective similar boom in profits-tax revenues. The combined impact of the abolition of carryover-loss [quebrantos] estimates, higher profits, and the absence of inflationary liquidity has led many analysts to project a quintupling of the revenues from the profits tax a year from now. In any event, this tax is already yielding 70 percent more than in June 1991.

June 1992 Tax Revenues (in millions of pesos)

Category	Cumulative Revenues, 15 June	Projected Revenues, 15 June	Percent Difference	Monthly Projection	Percent Difference, June 92 Projection/ June 91	Percent Difference, June 92 Projection/ May 92
Shared revenues	420.2	381.8	10.1	1,4451.1	39.8	-5.1
Profits	52.6	53.7	-1.9	156.2	68.8	-18.4
Revenue-sharing assets	3.0	1.9	56.9	20.0	-75.1	-55.3
VAT (net refunds)	214.6	170.2	26.1	947.8	87.3	-4.2
VAT (gross total)	248.8	200.8	23.9	1,085.0	113.7	-4.2
Refunds	7.6	9.5	-20.1	20.0	982.1	-0.3
Internal	101.4	110.2	-8.0	172.0	13.1	2.8
Debits	37.1	33.2	11.6	64.0	-52.9	18.1
Spontaneous payment	3.5	4.3	-18.7	60.0	20.8	51.5
Other	8.0	8.4	-4.1	25.0	42.6	-31.1
Nonshared revenues	96.9	98.3	-1.3	201.0	29.6	4.9
Stamps	15.0	9.9	51.8	32.0	92.8	3.2
Import duties	59.4	68.8	-13.6	128.0	107.9	14.4
Export duties	6.3	4.8	32.1	10.0	-61.6	15.0
Statistical fees	16.2	14.8	9.6	31.0	-39.1	-22.4
Specific appropriation	159.2	127.4	24.9	459.9	70.9	2.7
Fuels	88.0	68.0	29.5	220.0	26.6	-0.9
VAT/social security	26.5	21.0	26.1	117.1	—	-4.2
Assets (education)	2.7	1.9	46.0	20.0	-45.9	-53.9
Profits/provinces	12.1	12.0	1.0	37.6	—	3.2
Profits/social security	10.8	9.1	18.1	41.2	—	—
Other	19.0	15.4	23.2	24.0	-58.9	1.1
Total DGI-ANA ¹	676.3	607.5	11.3	2,106.1	44.4	-2.6
DGI subtotal	594.4	519.1	14.5	1,937.0	46.8	-3.3
ANA subtotal	81.9	88.4	-7.3	169.0	22.0	5.2
Social security contributions	555.7	534.1	4.0	664.7	32.5	-2.1
Comprehensive Medical Assistance Plan and National Health Insurance Administration	111.6	109.4	2.0	130.7	21.9	0.5
Total revenues	1,343.5	1,251.0	7.4	2,901.5	40.4	-2.4
Allocated to:						
Treasury	318.6	293.6	8.5	929.1	35.1	-3.5
Provinces	269.2	243.4	10.6	918.5	41.6	-6.1
Social security	592.8	563.6	5.2	813.2	40.0	3.0
Special accounts	162.9	150.4	8.3	240.7	60.2	-0.4

Footnotes: 1. General Directorate of Taxation-National Customs Administration.

Brazil**'Ghost' Accounts Used To Transport PC Funds**

PY2707153692 Rio de Janeiro O GLOBO
in Portuguese 25 Jul 92 p 3

[Excerpt] Brasilia—Financial transactions of up to 1 billion cruzeiros were covering up the true objective of current "ghost" accounts discovered by the CPI [Congressional Investigative Committee]; that is, sending money abroad through a Brazilian bank. The CPI suspects that the Sao Paulo Banco Cidade was used by PC [Paulo Cesar Farias] for that purpose.

Manoel Dantas Araujo, one of the eight "ghosts," used the Banco Cidade to carry out transactions over a period of two or three days. Checks amounting to 1 billion to 2 billion cruzeiros were issued by Araujo, who was "reincarnated" by PC's secretary, Rosinete Melanias Carvalho. The congressmen do not doubt that the signatures on the checks issued by the "ghost" are hers. [passage omitted]

More on Ghost Accounts

PY2807021092 Rio de Janeiro O GLOBO
in Portuguese 27 Jul 92 p 3

[Text] Brasilia—Even before the CPI [Congressional Investigating Committee] releases its final conclusions on the PC [Paulo Cesar] Farias case, Economy Minister Marcilio Marques Moreira decided to stop the activities of the "ghosts," people using forged signatures and CPF's [Individual Taxpayers Register] who operate with large amounts of money in bank accounts.

Marques Moreira said the Central Bank will order banks to report all large sum checks deposited or cashed in their agencies.

The minister's decision is based on U.S. law, which says that banks must report checks issued in amounts higher than \$10,000 (44.3 million cruzeiros).

The CPI discovered checks in the amount of 2 billion cruzeiros and up issued by "ghosts" linked to Farias. Banks are responsible for opening accounts with false CPF's, the minister said, although he could not describe the punishment for such cases.

He said: "Events similar to the PC case also have positive features."

He recalled that the Economy Ministry last year tried to obtain information on taxpayers' registers of credit card and bank clients, but it had to give up because of the resistance of Congress, banks, society, and the press.

The minister believes that society now will understand that it is necessary to have this type of information, not for authorities to conduct a criminal investigation into people's lives, but to obtain a minimum of information on account owners.

Marques Moreira said: "The government followed the instructions of President Fernando Collor to order the Federal Revenue Department and Federal Police to investigate everything, without any restraint and as strongly as necessary."

The minister yesterday visited Sao Bento Monastery, accompanied by Justice Minister Celio Borja. They were welcomed by Basilio Penido.

Forged Invoices Found in PC's Company

PY2707153092 Rio de Janeiro O GLOBO
in Portuguese 25 Jul 92 p 3

[By Rudolfo Lago]

[Excerpts] Brasilia—The air taxi companies of PC [Paulo Cesar] Farias and Jorge Bandeira—Brasil-Jet and Mundial Aero-Taxi, respectively—served as a facade for Farias' influence within the government in favor of contracting companies. Even before the Kawasair company, which specializes in flight analysis, began to study the air routes of PC's airplanes, the CPI [Congressional Investigating Committee] had found forged invoices for companies, such as the one for Norberto Odebrencht, which shows the phoney chartering of airplanes. [passage omitted]

In addition to using these companies as facades for influence trafficking, the congressmen are finding evidence that when the airplanes flew abroad they carried money to deposit in such fiscal paradises as the Cayman Islands. As O GLOBO speculated two weeks ago the congressmen are convinced that PC and Bandeira's airplanes were never really chartered, and that they only made private flights. In addition to the forged invoices there is the testimony of Marta, secretary of Brasil-Jet, who was not able to explain how the company's airplanes are chartered and paid for.

In addition to the problems the two air companies may have in Brazil after the conclusion of the CPI and Federal Police investigations, these companies may encounter problems with the U.S. Internal Revenue Service. The CPI has received information that the revenue service is investigating Miami Leasing, the company from which Brasil-Jet leases its airplanes. There is information that the monthly payment of \$230,000 to lease the airplanes, according to the testimony by Jorge Bandeira, was not being paid regularly in the United States.

*** PC's 1990 Services Detailed**

92SM0528B Sao Paulo VEJA in Portuguese 15 Jun 92
pp 20-23

[Text] One sector of the Brazilian elite did not leave PC Farias alone. A batch of 25 invoices issued during 1990, the first year of the Collor administration, reveals that a remarkable association was consummated between PC Farias and a healthy chunk of the Brazilian economy's shark population. From the batch of invoices it becomes

evident that one of PC's companies, the now celebrated "Empresa de Participacoes e Construccoes Ltda.," or EPC, furnished "economic and tax advisory services" to the biggest corporate groups in this country and grossed about \$6 million in 1990. That was one of the best performances of any consulting firm in Brazil. Among those interested in EPC's assistance and who awarded it a position of leadership among the ranks of consulting firms were three major construction contractors, the Votorantim group and the sugar mill operators of Alagoas. At the head of the list is builder Norberto Odebrecht, owned by Emilio Odebrecht, which paid \$3.2 million for EPC's "advisory services." Then comes contractor Andrade Gutierrez, with \$1.7 million. In the approximately \$300,000 bracket are 10 companies in the Votorantim group and the construction firm Tratex, based in Minas Gerais. On two invoices from 1991, the EPC received \$470,000 from the Sugar and Alcohol Producers Cooperative of Alagoas, also for economic and tax advice.

In a raid on the offices of EPC in Sao Paulo and Maceio, the Federal Revenue Department picked up 600 invoices and forwarded them to the Federal Police. The suspicion is as follows: The invoices are "cold" and actually were prepared to conceal the payment of tips to PC Farias, who at the time plied his crooked trade on the Esplanade of Ministries with the dedication typical of his days as a candidate for the priesthood. "Those invoices look for all the world like tips," said a colleague of Chief Paulo Lacerda, who is heading up the inquiry. Last week, the Federal Police building resembled a fashion show runway, as a procession of businessmen arrived to offer explanations. Executive Antonio Ermirio de Moraes blamed the Votorantim-PC relationship on his brother, Jose Ermirio. "He heads up the departments of the company that issued the invoices, so it is up to him to explain them," the businessman said. On Friday, his brother went to the police, gave a confidential deposition, and made no comment as he left.

'The Cement Cartel'

Contractor Emilio Odebrecht, for his part, insisted he had paid a fortune to hear the wise counsel of PC Farias. His company heard recommendations from PC concerning the fields in which it should concentrate its efforts. The contractor denied that the money paid to EPC had anything to do with the firm's victory in the bidding to build an underwater drilling platform in Petrobras's Campos Basin. In the world where things are called by their right names, no one was familiar with this fabulous consulting firm. In the world where "economic advisory services" can mean anything at all, EPC was a success. Just ask Emilio Odebrecht.

The consortium between the treasurer of the Republic of Alagoas and big stars from FIESP [Federation of Industries of Sao Paulo State] is still under investigation, but it is already certain that the publicity given to it last week is part of a tactic to bring everyone down to the same level and intimidate the business community. First it

was reported that the Federal Revenue Department had raided EPC. Then, word came that it had seized invoices. Later, the names of some of the companies involved surfaced. By these actions, the coverup gang is sending a message to both suspects and nonsuspects: retreat into the silence of the embarrassed or threatened. Among that group, the silence of Antonio Ermirio is valuable to the coverup gang. Two weeks ago, in private conversations, the businessman argued that the president should step down until the investigations into the activities of PC Farias in the government are completed. Last week, Collor responded. While receiving a group of PTB [Brazilian Labor Party] legislators, the president finally identified the people who are the militants in the "coup syndicate." He lumped together in the same syndicate the PT [Workers Party], the CUT [United Federation of Workers], and the "cement cartel." Antonio Ermirio's Votorantim is Brazil's leading cement manufacturer.

Antonio Ermirio is chairman of the Votorantim group, one of the strongest private corporate groups in Brazil, with 60,000 employees and 1991 sales of \$3 billion. His family has assets in excess of \$1 billion. The Andrade and Gutierrez families, who form the construction company that bears their names, are also worth more than \$1 billion. Emilio Odebrecht heads a megacontractor with 40,000 employees, 19 overseas affiliates, and a net worth of \$950 million. Last week, they were talking about money and election campaigns. Inspired by their friend Mario Amato, who declared that "we are all corrupt," Antonio Ermirio said that all businessmen give money to election campaigns. "Name me one businessman who has not helped out a party during the elections," he said. Emilio Odebrecht affirmed that this is common practice, but exempted himself. He said that he contributed to Collor's campaign, but not with cash. "I only offered our organization to supply the candidate with information," said the executive, who, after Collor had been sworn in, paid \$3.2 million for the advice of the now-well-informed PC Farias.

Corruption With a Receipt

Last Wednesday, a good part of the elite sat down at the table with Minister of the Economy Marcilio Marques Moreira. The occasion was a dinner at the Monte Libano Club, but none of the 1,300 guests in attendance has yet showed up among PC Farias's invoices. In his appearance, Marcilio made a victory speech. "The banner of modernity shall never fall from our hands. The banner of all banners, that of redemption of the social debt, shall never fall from our hands," he said. Marcilio attempted to show that the blowout was a tribute that extended to Collor, and he mentioned the president's name three times in his speech. There was a short circuit, however. Not once did the host, Manoel Pires da Costa, president of the Mercantile and Futures Exchange, mention Collor. At the end, the businessmen issued a 12-point statement in which they affirmed that the crisis "is not only of the government, but of the entire society" and proclaimed the need for the economy to keep operating

despite the political storms. The document was positive, as was the outcome of the meeting. It was one of the very rare times when businessmen meet with the economy minister without asking for anything.

The invoices probably do not reflect illegal contributions to the presidential campaign, because in 1990 the president had already taken office. It is unlikely they represent balances due on campaign contributions, because crooked electoral practice indicates that this is an unusual procedure—either you pay at once, or you do not contribute. The Federal Police are working on the theory that EPC's \$6 million really was for tips. It will be a remarkable case—bribery against receipt. "Today, to bribe someone, you have to get a 'cold' receipt," explains a technician at the Finance Department of Sao Paulo State, recalling that checks written to "bearer" have been prohibited since early in 1990. "And to give a tip in cash, the businessman can only use money that entered the coffers in the form of cash," the staffer added. Many of the invoices were issued early in 1990. One of the working theories is that these were tips intended to smooth the way to a release of the cruzados blocked by the Collor Plan.

Tiger in the Market

What is least likely is that PC Farias's EPC did in fact furnish "economic and tax advisory services." The company was established in 1986 and has had a particularly checkered life. According to its income tax returns, EPC's showed a profit of \$3,800 in 1987 and \$6,500 in 1988. The next year, profits took an astronomical leap to \$680,000. In 1990, with contracts all over the country with powerful corporate groups that seem to have suddenly discovered PC's genius for giving advice, the firm reached its peak. With only six clients, it grossed more than consulting firms with a long tradition in the market, such as Price Waterhouse and Arthur Andersen, of Sao Paulo. MCM, which belongs to former Minister Mailson da Nobrega, for example, grossed \$900,000 in 1990, when it was working for 50 clients. Its work, economic trends analysis, is the most expensive kind. "I did not know that EPC was a tiger in that market," said the former economy minister, in a rare display of sarcasm. EPC's fee schedule attracts attention. The \$3.2 million that Odebrecht paid PC's company would be sufficient to hire top-quality services. Usiminas [Minas Gerais Iron and Steel Mills, Inc.], which was privatized last October, retained the consultant firm of Booz, Allen, & Hamilton of the United States for \$1 million. Booz, Allen will spend six months working on implanting a new management model at the company.

EPC has no tradition, none of its consultants are known in the market, and its name does not appear on the list of members of the National Association of Finance, Administration, and Accounting Executives, which includes 650 consultants in this country. "I did not even know that EPC was working in the field," said Clovis Madeira, president of that organization. With its meager resume and high fees, it is hard to understand how EPC

attracted such important clients. Votorantim, for example, resorted to EPC's "economic and tax advisory services" shortly after President Collor took office. Ten companies in the group that make cement (one in Rio Grande do Sul, one in Santa Catarina, one in Minas Gerais, two in Parana, and five in Sao Paulo) left the equivalent of \$260,000 in PC's coffers. And with the oddest kind of timing, all 10 paid for their share of the pie on 17 May 1990.

Inhibiting the Assault

Contractor Norberto Odebrecht also resorted to its subsidiaries. The \$3.2 million he paid to EPC came from Maceio and Recife, distributed among eight invoices issued between August and October 1990. "As part of this wave of charges that is sweeping the country, Emilio, as a building contractor, is being persecuted," said attorney Jose Carlos Dias, the only one the firm has authorized to talk about the invoices. He was referring to the impressive frequency with which Odebrecht is involved in corruption-related scandals. During the same period as it was making payments to EPC, Odebrecht's cash flow received a boost. It was at that point that the Collor administration, in office for less than six months, began paying the overdue bills to the consortium that built the Xingo power plant in Alagoas. One of the companies in that consortium is CBPO, an affiliate of Odebrecht. Andrade Gutierrez, which disbursed \$1.7 million to EPC, made its payments between June and September. Coincidentally, at about the same time, it became the only company able to break the ice at Eletrobras. Deeply in debt, Eletrobras had suspended all its payments, but disbursed \$40 million to Andrade Gutierrez during that period. As for Tratex, its vice president, Elos Jose Noli, said he had sought EPC's advice to help his company during the Collor Plan. Another construction company, Cetenco, contributed \$206,000 to EPC in December of 1991. "The payment was for consulting work in the tax area," Renato Jorge Sarti, a director of the company, told the Federal Police. Cetenco is a lucky contractor. Since 1991, it has won the bidding competitions to build two sections of the Red Line of the Rio subway system. On both occasions, there was a tie, lots were drawn, and Cetenco won.

The intention behind publicizing the relationship between one sector of the Brazilian plutocracy and PC Farias was to draw attention away from the link between PC and President Fernando Collor, clouding the landscape of accusations of corruption with the complex relationships between one part of the business community and the State. There is one part of the elite that does not make illegal contributions to campaign slush funds. There is a second part that gives money to a certain candidate. A third supplies several candidates, and there are also those who give money purposefully. They contribute at the time of the election, in order to be able to ask favors of the government later. "The spotlight has been thrown on a sector of the elite that is composed of politicians and businessmen who, obviously, have an archaic side," said political scientist Bolivar Lamounier.

"They are the heirs of 'patrimonialismo.'" Philosopher Jose Arthur Gianotti believes that this country is faced with an exceptional opportunity to clean up relations with the State. "If we punish people, we will have taken an enormous step toward inhibiting the assault on the State," the philosopher said.

*** Depositors to Acioli Account 'Nonexistent'**

92SM0529B Sao Paulo O ESTADO DE SAO PAULO
in Portuguese 17 Jul 92 p 4

[Article by Joao Domingos: "Accounts May Have Been Opened by 'Ghosts'"]

[Text] Brasilia—The congressmen on the Congressional Investigating Committee (CPI) that is examining the activities of Paulo Cesar Farias, or "PC," now accept the idea that six of the people who deposited money from the Participation and Construction Enterprise, Ltd. (EPC) into the account of Ana Acioli, President Fernando de Collor's secretary, simply do not exist. "I feel that we are dealing with ghosts," said Senator Jose Paulo Bisol (PSB [Brazilian Socialist Party], Rio Grande do Sul), assistant reporter for the CPI.

So far, all the cross-checking done by the congressmen has not turned up anything, and this suggests that the Individual Taxpayers Register (CPF) information provided by each of the depositors is false. There is one coincidence: The address on all the bank file cards is the same as that of the EPC in Sao Paulo. Yesterday the congressmen held a secret meeting with Rosinete Melanias, PC's private secretary, but she denied knowing the people in question.

The six names on the accounts are those of Flavio Mauricio Ramos, Rosimar Francisca de Almeida, Manoel Dantas Araujo, Jurandir Castro Menezes, Carlos Alberto da Nobrega, and Rosalinda Cristina Menezes. The congressmen came to suspect that Rosinete might also be Rosalinda and Rosimar. At the secret meeting, she agreed to submit 12 signatures that will be subjected to expert analysis. By the time they left the meeting, they were thinking differently. They had concluded that Rosinete was too important a person to get involved in forging signatures. After all, she has been handling PC's accounts for six years.

The CPI had been considering the possibility that PC's former security guard and current private secretary was Flavio Mauricio Ramos, who had deposited 18 million cruzeiros into Ana Acioli's account at Banesa in Brasilia. But Rosinete explained that the current secretary has been working for PC for about eight months and that his name is Flavio Almeida, Jr.

*** List of Unanswered Questions**

92SM0529A Sao Paulo FOLHA DE SAO PAULO
in Portuguese 12 Jul 92 p 1-10

[Text] 1. What is the source of the money that pays the bills for Dinda House [presidential residence]? Chauffeur Eriberto Franca said that the money came from Brazil-Jet, a firm owned by PC Farias and that it was deposited in the bank account of Ana Acioli, Collor's secretary. Ana said the deposits were made by Claudio Vieira, the president's former private secretary. The CPI [Congressional Investigating Committee] has found no checks from Vieira in Acioli's account.

2. How does Dinda House go through 25 million cruzeiros per week—that being the amount withdrawn by Ana Acioli, according to the chauffeur?

3. With a salary of 10.8 million cruzeiros, how does President Collor manage to pay the rent on Dinda House, the household expenses (the electricity bill alone totaled 1.9 million cruzeiros in June), the First Lady's expenses, and alimony to his former wife and still help his sister?

4. Why, in order to provide his wife with a monthly allowance, did the president need to channel that payment from his account to hers by way of Ana Acioli's account?

5. How is it that Ana Acioli, who earns a salary of 2,228,078.26 cruzeiros, was able to move more than 240 million cruzeiros—more than 100 times her salary—through her account in May?

6. Claudio Vieira left the administration in March. If it was he who was depositing money in Ana Acioli's account, as Collor's secretary claims, why did the activity in her account total 240 million cruzeiros in May—two months after Vieira's departure?

7. Which of the president's affairs are managed by Claudio Vieira?

8. Why did the secretary maintain accounts at Banesa under three different names: Maria Gomes, Ana Maria Acioli Gomes de Melo, and Ana Maria Correia Acioli? In his statement, Collor displayed a letter from Ana Acioli stating that her account existed only under her full name. But the president of Banesa himself, Manoel Machado, confirms the difference in names: "I did not understand why the president omitted that information from his statement." Ana Acioli herself has now presented a new version of what happened, claiming that Claudio Vieira and the management of Banesa advised her to open accounts under different names.

9. Is it true, as some handwriting experts suspect, that the document read as part of Collor's statement was blank when Acioli signed it?

10. Why did Ana Acioli receive dollars from Brazil-Jet with which to make payments to Uajara Cabral at Planalto Palace?

11. Why was the Opala Diplomata, license number SC-5555, which was used by Acioli, being leased by PC's Brazil-Jet firm?

12. Why did Brazil-Jet make the lease payments on the Santana GLS, license number ZZ-1212, which was also used by Ana Acioli?

13. Why was the fuel for the cars used by Ana Acioli paid for, according to Eriberto Franca, by the AL Air Taxi firm?

14. Was the Opala Diplomata also driven by Roberto, PC's chauffeur at Brazil-Jet, as Eriberto Franca charges?

15. Why did Eriberto Franca's work card have entries signed by Sever Engineering when he was working as a chauffeur in Collor's 1989 presidential campaign?

16. What were the reasons for so many telephone calls from PC's office in Sao Paulo to Planalto Palace and other government offices?

17. When was the last time Collor met with PC? Eriberto Franca says he saw PC at Planalto Palace last year sometime around the president's birthday (12 August). Collor said it had been about two years since he had seen or spoken to PC.

18. How does it happen that PC has now become the owner of the largest Fiat dealership in the Northeast (Favel); Brazil-Jet Air Taxi, which this year bought a \$10-million airplane; the EPC; and the TRIBUNA DE ALAGOAS Communications firm, with investments of \$5 million, when all he owned in 1990 was two firms: Tratorial and a coconut plantation that was losing money?

19. How did Brazil-Jet manage to earn a significant profit in 1991 (841,755 million cruzeiros)—a year considered to be a bad one for most air taxi companies (Lider, which is one of the country's biggest firms in that field, lost 9 billion cruzeiros last year)?

20. Why do flight reports filed with the Civil Aviation Department (DAC) for Brazil-Jet aircraft report airplanes landing at one airport and then taking off from another one (for example, the Morcego Negro, which took off from Rio de Janeiro on 10 April 1990, flew to Brasilia, and then took off the next day from Maceio bound for Sao Luis)?

21. What was the purpose of the flights made by Brazil Jet jet aircraft to such tax havens as the Netherlands Antilles and Barbados?

22. Why did Marcos Coimbra place a telephone call to the then president of Petrobras, Motta Veiga, to ask how the VASP/Petrobras deal was going and whether the privatization of that airline, which did not belong to the Federal Government, was nearly complete?

23. Why were the Setembro and Giovanni Associates advertising firms, which handled Collor's presidential

campaign, hired by the Federal Government without going through the bidding process?

24. Why were the president's children using an Opala, license number VY-2745, that is registered in the name of the EPC, a firm owned by PC Farias, until June?

25. If Collor had had no contact with PC for two years, as the president claimed in his statement, how does it happen that the president bought a piece of land from the businessman in February 1991, in a deal handled by Paulo Otavio?

26. Why does Claudio Vieira have two telephone lines registered in the name of the EPC firm, which is owned by PC?

Creation of Special Committee Discussed

PY2707131592 Rio de Janeiro O GLOBO
in Portuguese 26 Jul 92 p 4

[By Jorge Moreno]

[Text] Brasilia—The country's main political leaders are already beginning to discuss the formation of a special congressional committee to study the accusations for malfeasance against President Fernando Collor based on the conclusions of the CPI [Congressional Investigating Committee] which is investigating the charges against businessmen Paulo Cesar Farias. Although the accusations against Collor must be submitted to the Chamber of Deputies, the political leaders believe that it should be a mixed committee. They suggested that Deputy Nelson Jobim (PMDB-RS) [Brazilian democratic Movement Party-Rio Grande do Sul] and Senator Josephat Marinho (PFL-BA) [Liberal Front Party-Bahia] should be the committee's president and coordinator, respectively.

The conversations that began after the CPI received the most serious evidence against Collor involve the following political leaders: Deputies Ulysses Guimaraes (PMDB-SP) [Sao Paulo] and Jose Genoino (PT-SP) [Workers Party-Sao Paulo]; Senators Pedro Simon (PMDB-RS), Fernando Henrique Cardoso (PSDB-SP) [Brazilian Social Democracy Party-Sao Paulo]; Governors Luis Antonio Fleury, Helio Garcia, and Ciro Gomes; PMDB President Orestes Quercia; and PSDB President Tasso Jereissati. In a second stage the opposition hopes to have testify Governor Antonio Carlos Magalhaes; Ministers Jorge Bornhausen and Marcilio Marques Moreira; and political leaders Luis Eduardo Magalhaes and Marco Maciel.

* Experts on Impact Findings

92SM0528A Sao Paulo VEJA in Portuguese 15 Jun 92
pp 26, 27

[Text] On 11 August, the day when they are scheduled to complete their work, the 22 legislators serving on the CPI [Congressional Investigating Committee] will be faced with a momentous choice. No matter how often

people say that the Congressional Investigating Committee was set up merely to check into the accusations made by Pedro Collor against Paulo Cesar Farias, the CPI's investigations raise the following question: What is to be done with the charges that President Fernando Collor was involved in the activities of his campaign treasurer? The CPI may conclude that no concrete evidence of ties between the president and PC Farias was found. It may also conclude that there is evidence and testimony pointing to presidential responsibility and so could ask Congress to investigate Fernando Collor's role. If supported by two-thirds of the Chamber of Deputies, that request will launch a process that could lead to impeachment [preceding word in English throughout the article].

It would be fantasy to imagine that the CPI will make its decision on the basis of purely legal arguments. Its members are neither lawyers nor members of a people's jury assigned to rule on an ordinary crime. They are politicians by profession. They wear the T-shirts of both opposition (12 votes) and establishment parties (10 votes). But it would be preposterous to suggest that the legislators will make their decisions without the support of evidence and witnesses who are part of the daily routine in any court decision. This country's leading jurists are split on the subject. Antonio Carlos Konder Reis, lieutenant governor of Santa Catarina and principal author of the Constitution that Bernardo Cabral signed, says it is too early to make a judgment. "Speaking from a distance and without knowing the contents of all the testimony, I would tend to believe that no concrete evidence exists to incriminate the president," said Konder Reis, "but new information may come to light and so we must wait until the work is finished." There are highly-regarded jurists who believe that the evidence already gathered by the CPI would permit it to ask Congress to investigate the president. But there are others, equally well-respected, who think otherwise.

Unpardonable

"The evidence is already very strong and clear," said Professor Manoel de Oliveira Franco, full professor of

constitutional law at the Federal University of Parana. To him, the witnesses heard by the CPI gave coherent depositions pointing to involvement of PC Farias with the president. He believes that the revelations of favors the businessman did for Collor, such as providing the armor-plated car used by Collor's sons in Rio de Janeiro, for example, will support that theory. Oliveira Franco thinks the president was untruthful when he said during his televised speech of Tuesday 30 June that neither he nor his family maintained any connections with PC Farias.

"To lie on television and receive favors is unacceptable behavior for a president of Brazil," the professor said. In the opinion of Oliveira Franco, with that kind of attitude Collor could be accused of not living up to the dignity and honor of the office—offenses that according to Article 85 [of the Constitution] can be considered as crimes of abuse of power. "Accepting a ride from a friend is one thing, but accepting a long-term loan of a car is unpardonable," he said. But there are jurists who, faced with those same circumstances, are capable of developing arguments to the contrary. "The most that can be said, for the time being, is that the president was keeping bad company," said Manoel Goncalves Ferreira Filho, professor of constitutional law at the University of Sao Paulo (USP). Keeping bad company is not a crime.

To Ferreira Filho, the debate on impeachment cannot even begin until a previous stage ends—that of proving irrefutably that PC Farias committed crimes of corruption in the ranks of the government. The USP professor said that only then can one begin to think about investigating the president. "And then it would be necessary to prove that Collor directly benefited from the actions of PC Farias," said Ferreira Filho. As he sees it, even if it is shown that President Fernando Collor told lies in his TV speech, that does not mean he can be accused of abuse of power. "If the president told lies, that can be considered misconduct, but it is a moral judgement," he said. "From the juridical standpoint, lying is not a crime."

Chances That the President Will Be Impeached

Jurists agree that there is evidence against Collor, but disagree as to whether it is strong enough to lead to impeachment.

Name	Value of the Testimony	Weight of PC Favors	What Collor Said on TV	Counterattacks by Revenue Department	Conclusions
Celso Bastos , director general of the Brazilian Institute on Constitutional Law. Voted for Collor.	It is evidence, but all words have equal value. What the chauffeur said carries the same weight as what the president said.	Accepting a favor from a friend is not a crime. There is no evidence of an exchange of favors between PC and the president.	Lies the president may have told about his personal expenditures are not crimes. They are common and accepted in public statements.	If a probe is conducted, it could be abuse of power. For the time being, all we have are threats and denials.	There is no legal foundation for impeachment because the evidence of abuse of power is too fragile.
Celso Antonio Bandeira de Mello , professor of administrative law at the Pontifical Catholic University of Sao Paulo. Voted for Lula.	The depositions are evidence like any other.	Accepting personal favors such as those reported constitutes criminal abuse of power.	He feels Collor was not telling the truth on serious matters. This is abuse of power.	Pressuring deputies via the revenue authorities is abuse of power, a crime against the free exercise of the authority of the legislative branch.	There is a body of criminal evidence that points to the president of Brazil, which justifies a request for impeachment.
Manoel Gonçalves Ferreira Filho , professor of constitutional law at USP. Voted for Collor.	The depositions are evidence, but their value is subjective. Their validity depends on whether the legislators believe them.	As long as there is no clear evidence that favors were exchanged between the president and PC, there is no crime.	Possible lies by the president may constitute misconduct, but this is a moral judgement. Legally, lying is not a crime.	If it is proven that Collor intends to go after his opponents, this becomes criminal abuse of power.	For the time being, all we have are indications that the president has a rather unsavory friend.
Manoel de Oliveira Franco , authority on the Constitution, Federal University of Parana. Voted for Collor.	The depositions are evidence.	This is the crime of abuse of power. You cannot imagine that someone is going to do something, like paying for rental cars, for free.	He thinks that Collor lied on television, thus committing serious criminal abuse of power against the dignity and honor of the office.	If some deputies failed to file tax returns, it is legal for the Revenue Department to investigate them.	There is enough evidence of criminal abuse of power to justify submitting a request for impeachment.
José Afonso da Silva , authority on the Constitution and a professor at USP. Voted for Lula.	Testimony does not have to provide evidence. It is the evidence.	By itself, receiving a favor from someone is not a crime. Taken together, the favors can become criminal abuse of power.	A lie coming from a president of Brazil poses a serious moral problem and reinforces the hypothesis of criminal abuse of power.	If the actions by the Revenue Department become a threat against the Legislative Branch, that would be criminal abuse of power.	The evidence suggests criminal abuse of power. It may support a request for impeachment, but there is little chance of the request being approved.

The American President Richard Nixon lost his post because of a lie concerning the Watergate scandal. He declared that he was unaware of the actions of his advisers, at a time when the White House possessed recorded tapes on which he had talked about the subject. Nixon's perjury was considered to be a form of obstructing the action of the judiciary, and he resigned to avoid eventually being deposed by the Congress. The omissions, errors, and possible untruths that have characterized President Fernando Collor's statements are of a different sort. They were not made under oath, and he cannot be accused of perjury. Whether they can be considered criminal or not is a matter of opinion—of each citizen in general, and each member of the CPI in particular.

Bets

Accustomed to working with legislation as naturally as a metalworker operates his lathe or the engineer makes calculations on his drawing board, jurists have a unique way of assessing the work of the CPI. From their experience lessons

can be drawn that are useful both for those who believe the legislators will conclude that the president is innocent and those who are counting on the opposite possibility. It is not disputed, for example, that the depositions by witnesses called to appear at the CPI, such as Pedro Collor, Luis Octavio de Motta Veiga, Renan Calheiros, and chauffeur Eriberto Franca, have evidentiary value. The fact is, however, that none of them was able to support what he said with testimony from others. Renan Calheiros said that Bernardo Cabral and Zelia Cardoso de Mello could confirm his statements—but he was refuted by the "Besame Mucho" pair. Marcos Coimbra, in turn, alleged that Motta Veiga had maliciously misinterpreted his intervention in favor of Petrobras making a loan to Wagner Canhedo's Vasp airline.

While keeping an eye on the new material contributed by the press, the CPI, and the newspapers, jurists find themselves in about the same situation as the majority of Brazilians—waiting to see what happens. Professor Celso Bastos, director general of the Brazilian Institute on Constitutional Law, is already taking bets. He is so

convinced that there will be no charges against Fernando Collor that he is ready to pay 3,000 cruzeiros against 1,000 cruzeiros if his prediction proves wrong. Former Minister of Justice and jurist Miguel Seabra Fagundes thinks the important thing is to keep calm. "We do not need to get alarmed, because the laws exist and were made precisely to handle situations of conflict," he said. "If a president is remiss in the performance of his duties, he has to be replaced."

Alleged Bribery in CPI

PY2507012492 Rio de Janeiro O GLOBO
in Portuguese 23 Jul 92 p 7

[Text] Curitiba—The PRN's [National Reconstruction Party] Curitiba mayoral candidate, Tony Garcia, yesterday disclosed a tape containing conversations allegedly held with federal Deputy Jose Felinto (Social Workers Party-Parana State). On the tape, the congressman offers himself "to arrange things" with the members of the CPI [Congressional Investigating Committee] investigating the deals of entrepreneur Paulo Cesar [PC] Farias. The voice that Garcia claims belongs to Felinto says it would be possible to have the CPI members press [Parana State] Governor Roberto Requião and that the questions would be "mitigated" when the PRN candidate testified. In his testimony, the Parana governor pointed at Tony Garcia as the "PC scheme's" man in Parana State.

The voice says that congressmen such as the PT's [Workers Party] Aloizio Mercadante and Jose Dirceu, the PDT's [Democratic Workers Party] Vivaldo Barbosa, and the PSDB's [Brazilian Social Democracy Party] Antonio Mendes Thame and Moroni Torgan could be corrupted with \$150,000.

According to the remarks attributed to Felinto, Mercadante collects "a little fifty" (\$50,000) for not asking any questions. According to the voice allegedly belonging to Felinto, "he picks up the documents, goes to see the guys, and makes an arrangement, and then he does not deliver them. Ze [nickname for Jose] Dirceu is the same: He shows water with sugar, a little fax, and the heavy one is put away." The voice adds that Senator Eduardo Suplicy "plays along."

At the end of the conversation, the same voice reveals to his interlocutor: "Did you know that if PC were not such a stupid guy that the CPI would not have been formed? I talked to Luiz Eduardo and sent a message to Roberto Jefferson. For \$800,000, the guys would not have formed the CPL..."

In Brasilia, Jose Dirceu (Workers' Party-Sao Paulo State), one of the deputies mentioned in the recording, expressed his indignation over the remarks attributed to him:

Dirceu said: "First, I thought it was a joke; afterward, a misunderstanding. In fact, now I see it is a slander."

Claudio Vieira Testifies Before Committee

PY2707221492 Madrid EFE in Spanish
2037 GMT 27 Jul 92

[Text] Brasilia, 27 Jul (EFE)—Lawyer Claudio Vieira said today that Brazilian President Fernando Collor's personal expenses were paid with a credit obtained from a Uruguayan bank. Vieira, a former private secretary for Collor, managed the funds from the bank credit.

Vieira told the Congressional Investigating Committee [CPI] that he hopes his testimony will serve to "clarify the doubts" about the president's expenses, thus alluding to the charges that such expenses were paid by businessman Paulo Cesar Farias.

Vieira said that "this is tangible evidence that citizen Fernando Collor was paying for his expenses with his own funds, which are under my responsibility," adding that he has been Collor's "financial investment agent" for 15 years.

Before answering questions, Vieira addressed the members of the "Farias case" CPI for one hour, supplying several documents on the \$5 million credit requested from a Uruguayan bank he did not identify.

The statement by Vieira, which lasted one and a half hours, is considered decisive for Collor's political future because the CPI will conclude its work in two weeks, and its conclusions may cause the president's impeachment.

[Madrid EFE in Spanish at 2027 GMT on 27 July, in a similar report, says: "The CPI today suspended the defense that former presidential secretary Claudio Vieira was making of President Fernando Collor, on the grounds that it was inconsistent. CPI coordinator Amir Lando asked Vieira to gather more complete evidence to defend the president, and told him to report to the CPI again on 30 July."]

Further on Vieira's Testimony

PY2707225492 Brasilia Voz do Brasil Network
in Portuguese 2200 GMT 27 Jul 92

[Text] The CPI [Congressional Investigating Committee] looking into the activities of businessman Paulo Cesar Farias has suspended the hearing of President Collor's ex-secretary Claudio Vieira for 72 hours.

This decision was made to give Vieira time to supply documents proving the investment in Brazil of \$3.7 million, some 15 billion cruzeiros at current rates, from a \$5 million credit obtained from Uruguay in January 1989.

According to Vieira, the money, which was lent to him, was destined for President Collor, who at that time was Alagoas governor. The loan was guaranteed by Collor, Deputy Paulo Octavio, and businessman (Luiz Estevo).

Claudio Vieira used the credit for buying 300 kg of gold for Sao Paulo investor (Naum Turner), and for paying

President Collor's personal expenses. Vieira supplied the contract and other documents to the CPI, guaranteeing that the operation was legal.

[Begin Vieira recording] I am now submitting to the CPI chairman all the documents of that operation, which was made entirely in compliance with Uruguayan and Brazilian law. I have no doubts as to the legality of this operation. [end recording]

In view of the information supplied by Vieira, the CPI decided to call (Naum Turner) for a hearing on 31 July at 1000 [1300 GMT]. The CPI also decided to lift bank secrecy on his accounts. A CPI delegation will go to Uruguay to look into the bank operation reported by Claudio Vieira.

Curio's Background Reviews 'Frantic' Life

PY2407220092 Sao Paulo VEJA in Portuguese
22 Jul 92 p 25

[Text] The biography of Sebastiao Curio, 57, a reserve Army colonel and former federal deputy, seems more like one of a man who has lived a very frantic full century. Curio's life has always been radical but very defined. In August 1961, during the crisis prompted by Janio Quadros's resignation, Curio addressed a letter to the commander of the detachment where he served in Francisco Beltrao, in the interior of Parana, in which he declared he was against Vice President Joao Goulart taking over. He was summoned the next day by the Southern Military Region commander and imprisoned. Shortly after Jango [Joao Goulart's nickname] was ousted in 1964, Curio, who by then was a captain, was appointed commander of the same detachment in Francisco Beltrao. Curio commented: "I always have stuck to my principles."

Married, the father of five children, Curio became more well known in the 1980's when Joao Figueiredo's government chose him to implement the gold-prospecting project in Serra Pelada, Para State. He was responsible for the fate of 165 public servants placed at his disposal and some 100,000 gold diggers who worked in the region. He recalls: "I was the only military man in Serra Pelada." He was so powerful and popular that by late 1982 he was summoned by Figueiredo to try for election as federal deputy, a post for which he was elected by 50,000 votes.

"Firm Positions"—His former Chamber of Deputies colleague, Ulysses Guimarães, commented: "Due to his origin, people thought he would become a political agitator within Congress. Quite the contrary, he was a pacifier. He is a moderate person who knows how to solve problems." Senator Espiridiao Amin, of the PDS [Social Democratic Party] for Santa Catarina, said: "Curio, undoubtedly, is a polemic person; however, he has strong, firm positions that he does not change according to the circumstances." Curio's custom of adopting radical decisions prompted two uprisings, in

1982 and 1985, that mobilized thousands of gold diggers, who occupied cities and blocked the Belem-Brasilia highway with the goal of being allowed to continue manual prospecting in the Serra Pelada mine.

Curio was not posted at Serra Pelada just by chance. In the early 1970's, at his own initiative, he went to work at the Brazilian DOI [Department of Domestic Operations], and in 1972 he was recruited by the Army Intelligence Center, CIE. In his capacity as intelligence agent, Curio disappeared into the jungles in the interior of Tocantins, where he spent two years fighting the Araguaia guerrillas organized by the PC do B [Communist Party of Brazil]. Among the many leftist militants Curio arrested are Jose Genoino, current deputy of the Workers Party for Sao Paulo, who will become Curio's inquisitor if the former deputy is summoned by the Congressional Investigating Commission hearing the PC [Paulo Cesar] Farias case. Curio asserted: "All of us there fought with great idealism; we were all heading in the same direction but through completely different paths." "I have never denied carrying a gun, but my name has never been on any list of torturers or corrupt individuals."

Commentary Notes Atmosphere in Government

PY2707222692 Sao Paulo O ESTADO DE SAO
PAULO in Portuguese 25 Jul 92 p 3

[Editorial Report] Sao Paulo O ESTADO DE SAO PAULO in Portuguese in its 25 July issue carries on page 3, on the "Notes and Information" page, a 900-word article entitled "Courteous Provisionality." The article, which refers to Itamar Franco's functions as acting president, notes that on 23 July, Franco came to Brasilia "to meet, without any apparent objective, the three military ministers, who were surprisingly called." The article adds that "on 24 July, pro-government and opposition senators and deputies" reported to Planalto Palace "for a courtesy" visit to Itamar Franco. The article notes that this was "a political action."

The article says that "it is important to notice those minor, routine political occurrences" in order to have "an accurate idea" of the atmosphere prevailing in the government. The article adds that for those officials who have decision-making power, "the functioning of institutions" is not reflected merely by "the normal fulfillment of daily presidential actions," noting that, in addition to this, "it is necessary to present a delegation of friends of all parties to reaffirm that Congress will not oppose" the eventual presence of Franco in a higher post. The article concludes that the objective of the lawmakers' visit to Franco on 24 July was "to tell the vice president that he will have congressional support for governing."

In its two final paragraphs, the article analyzes possible impeachment procedures, quoting laws and constitutional principles.

*** Finances, Lives of Planalto Enemies Probed**

92SM0527A Sao Paulo VEJA in Portuguese 15 Jul 92
pp 14-19

[Text] Leonel Brizola developed the theory; Fernando Collor made it into a speech, and President of Banco do Brasil Lafaite Coutinho has put it into practice. An expert in imagining conspiratorial theories and suggesting antidemocratic political alternatives—such as his arguments in favor of extending the term of office of ex-President Joao Figueiredo—the Rio de Janeiro governor has found an attentive listener at Planalto Palace. With the crisis, Brizola has become chief advisor to the president of Brazil (see box, p 18). It was his idea that Collor should order an "investigation of each of the accusing deputies." An apt pupil, the president has been faithfully following the suggestions of the governor of Rio. He even couched them in terms that would make the most Gongoristic of writers wince. Last Friday, in an impromptu speech to Rio businessmen, Collor abandoned for a moment the term "coup syndicate" and referred to "pigs wallowing in the mud." Since the presidential syntax makes it impossible to identify whom he wanted to taunt, it is reasonable to assume he was talking about the opposition parties. Or about those Brazilians who want an explanation of the ties between Paulo Cesar Farias and Planalto Palace. Or, more vaguely, about the "enemies."

The one who takes care of enemies is Lafaite Coutinho Torres, 52, from Paraiba State. And it is Lafaite (or "Lafa," as some of his friends call him) who has been going around the government collecting documents on businessmen and politicians. It is Lafa who has been spreading rumors about those who, given his tempestuous temperament, he believes are the enemies—his enemies, or enemies of the president, the administration, or the Republic of Alagoas. There are clues that help explain why Lafa has gladly assumed the role of Planalto Palace's hired gun. A former director of Banco Economico, Lafa was PC Farias's right-hand man in raising funds for Collor's election campaign. He worked with bankers and big operators from the financial system. He did such a good job that, thanks to a nomination by his friend PC Farias, he was appointed president of the Federal Savings Bank at the start of the Collor administration. More than once, PC himself acknowledged that he had suggested Lafa's name for that post. When Alberto Policaro left, Lafa was promoted to the presidency of Banco do Brasil (BB), leaving his right-hand man, Alvaro Mendonca, as president of the savings bank. The two are the last remnants of Paulo Cesar Farias's circle of friends who still hold high federal office.

Fiasco

Lafaite has been working on several fronts. Targets whom he has had in his sights include former Petrobras president Luis Octavio da Motta Veiga, PSDB [Brazilian Social Democracy Party] president Tasso Jereissati, president of the Abril Group Roberto Civita, legislators,

and journalists. The tactics of the president of Banco do Brasil are diversionary. One minute he denies he is snooping into other people's lives, the next minute he frankly admits that he wants to attack his "enemies." Then he says he is motivated by family interests, but another time makes it clear that his intentions are political. Then again, he will say he is acting on his own initiative. But his hierarchical superiors applaud his actions.

The high command of the hunt for the king's enemies swung into action about a month ago. Right after the publication in VEJA of an interview with Motta Veiga, a former director of Petrobras told Marcelo Auler, assistant editor of this magazine in Rio, that a group of auditors had gone through the corporation's files. According to the former Petrobras director, the auditors, under the baton of Lafaite, were hunting for transactions that might compromise Motta Veiga's testimony before the CPI [Congressional Investigating Committee]. A high official of the Central Bank (BC) reports that at about the same time, Lafaite asked the BC for information on Motta Veiga's brief tenure at Banco Interunion, owned by businessman Arthur Falk, who recently tried to buy the Manchete TV network. The assault was a fiasco on two fronts. First, because nothing was found against Motta Veiga, who testified uneventfully before the CPI, and second, because the relations between Banco do Brasil and the Central Bank were strained by the rumors and gossip.

The main gossip item, which appeared in the column written by journalist Hildegard Angel, maintained that Uajara Cabral, a mysterious gem dealer with customers in Planalto Palace, was an employee of the Outrora antique shop, owned by Isabel Gros, wife of the Central Bank president. True, Isabel knows Uajara Cabral—for the very good reason that the gem dealer lives across the street from her shop. "But to conclude from that circumstance that he works for the antique shop is going pretty far," said Isabel. The rumor was that the Outrora antique shop sells contraband rugs. That rumor also reached the ears of Isabel Gros. "The invoices for those rugs are available for inspection by interested parties," the businesswoman said. Friends of the couple suspect that the rumors and gossip originated in the office of the president of Banco do Brasil.

Playing Hardball

Last week, Lafaite worked in broad daylight. On Tuesday, former Ceara Governor Tasso Jereissati received a phone call from a friend, a director of Banco do Brasil in Brasilia, alerting him to a probe that was to be conducted of both his personal and business accounts. According to the PSDB president's friend, Lafaite Coutinho had ordered Banco do Brasil's superintendent in Ceara State to check into Jereissati's banking affairs. He was to look at investments of proceeds of loans from Banco do Brasil and the Federal Savings Bank, go through the accounts and flag large withdrawals and deposits, and examine the frequency with which he uses

his gold credit card. Tasso's brother, businessman Carlos Jereissati, was to be subjected to a similar search. At another point, it was also discovered that the Brazilian Reinsurance Institute, the IRB, was investigating the contributions of capital made to two Ceara companies, Frutop and Villejack Jeans. Frutop is owned by Jereissati. Villejack belongs to the family of Deputy Sergio Machado, another "tucano" [member of the PSDB] and a friend of Tasso. "Everything Mr. Lafaiete Coutinho is doing shows that the government only knows how to attack," said Tasso Jereissati. "They are using an instrument of public administration, tax auditing, in an authoritarian manner as if we were living under a dictatorship."

On Wednesday, the PSDB president received another phone call. It was Finance Secretary Luiz Fernando Wellisch. He acknowledged the existence of investigations, but insisted that the revenue authorities had nothing to do with the story. "The Revenue Department does not do that kind of thing. As far as I am concerned, there will be no probe," the finance secretary told Tasso. The next day, it was Lafa's turn to phone, but the former governor refused to take the call. Lafaiete appealed to Senator Beni Veras of the Ceara PSDB, to convey a message to the former governor. "Tell Tasso there is no probe at all directed at him," he asked. Veras just listened.

On Friday, Lafaiete's hardball tactics were the obligatory topic of conversations in political and business circles. It was general knowledge that Lafa's black list included not only Tasso, his brother, Sergio Machado, and Roberto Civita but also "tucano" Deputy Jackson Pereira and Senators Amir Lando (PMDB [Brazilian Democratic Movement Party] from Rondonia) and Mauricio Correa (PDT [Democratic Workers Party] from the Federal District). "I am going to ignore this blackmail effort so as not to hinder my work as magistrate in proceedings against the government. This business does not intimidate me," said Amir Lando, the reporter for the CPI that is investigating PC. "The way the government is behaving is unfortunate. Only people who have exhausted their means of defense act that way," said Mauricio Correa, vice chairman of the CPI. Another agency of the Ministry of the Economy, the Federal Revenue Department, showed signs of playing ball with Banco do Brasil in Lafa's game. Operation Remiss was under way, aimed at investigating taxpayers who are not in good standing with the revenue authorities. According to the secretary of that department, Operation Remiss was designed to call on the carpet about 5,000 taxpayers who had failed to file returns. Wellisch estimated that about 20 congressmen might be among those 5,000.

Probe

As Wellisch and his superior, Minister Marcilio Marques Moreira, see it, Operation Remiss simply proves that the Revenue Department is doing its job well. They argue that if there are some congressmen who are in trouble with the "lion," that is just too bad: Holding elected

office does not make them invulnerable to the tax man. There is nothing at all wrong with that rationale, but the fact is that the latest Operation Remiss involving legislators was conducted in 1988, yet it is precisely now, when deputies and senators have a responsibility to investigate connections between PC and the federal government, that someone takes a notion to thoroughly investigate the congressmen's income tax status. The same incredible coincidence turned up as regards Vice President Itamar Franco. In two and a half years of the Collor administration, the vice president has been forgotten by the auditors. All that had to happen was for people to start talking about impeachment [preceding word appears in English throughout article] and resignation, and the Revenue Department gets to work on an investigation of Itamar Franco's income tax returns.

In VEJA's offices, the echoes of Lafaiete's heavy footsteps were heard on Monday afternoon in the form of anonymous phone calls and calls from friends. All of them reported that Lafaiete Coutinho was launching a probe into the enterprises and the private accounts of the president of the Abril Group and his brother, Richard Civita. It was also said that the president of the Federal Savings Bank was participating in the probe. "Those are just fairy tales," retorted Alvaro Mendonca. "There is no probe." But there was indeed something in the air. Lafa's dispute with VEJA had begun a week earlier, on Wednesday, 1 July. That afternoon, a report had reached the editor's desk to the effect that Collor's secretary, Ana Acioli, was staying at the country house of friends in the vicinity of Sao Paulo. Someone suggested that it might be one of Lafaiete Coutinho's farms. Assistant editor Monica Bergamo was assigned to check into that possibility. Since it was not even known for sure that Lafaiete has a farm in Sao Paulo, she contacted the daughter of the president of the BB, Jacqueline, to find out if at least that information was correct. Monica Bergamo's conversation with Jacqueline lasted a little more than five minutes. The assistant editor asked if she knew whether her father owned a country house. Jacqueline said she was not sure and suggested that the journalist phone her father. The reporter explained that she did not want to bother him for something trivial like that: If he did not own such a property, there would be no further questions. Jacqueline gave Lafaiete's telephone numbers in Brasilia, and they said goodbye. "It was a conversation between a journalist who wanted to confirm a minor detail and someone who either did not remember or was reluctant to say anything, but it was a polite exchange on both parts," said Monica Bergamo, summing up the incident. The journalist never did phone Lafaiete, because shortly thereafter it was confirmed that Ana Acioli was not staying at anyone's country house.

Apologies

At 1630 that Wednesday afternoon, Lafaiete called Roberto Civita. The president of Banco do Brasil complained that VEJA was bothering his daughter and asked that any information regarding himself, Lafaiete, be

requested directly. Civita apologized for possibly bothering Jacqueline, promised that such incidents would not be repeated, and considered the matter closed. But Lafaite did not consider it closed. He took advantage of a silly, inconsequential incident and used it as a pretext for his pressures and attempts at intimidation. Early last Thursday evening, Eduardo Oinegue and Leonel Rocha of VEJA's Brasilia bureau went to Lafaite's office for an interview. They wanted information about loans made by Banco do Brasil (see box, p 16) and about reports that the bank was probing politicians and businessmen.

"I am not conducting any inquiries," Lafaite began. "Banco do Brasil gets reports just like you folks do. For example, I am going to give you a present." Lafaite then handed the journalists the deed to an apartment in Sao Paulo owned by Roberto Civita. He made a series of calculations, even using the dollar exchange rate in effect at the time the property was purchased, and concluded that the apartment's deeded value was less than the market value. "What does that deed have to do with Banco do Brasil?" Oinegue asked. "Nothing, but I cannot allow my daughter to be pestered by VEJA," Lafaite responded. The journalists asked if he was investigating the private lives of anyone else besides Roberto Civita. "I just want to know how the vestal virgins of this country behave," the president of the BB answered. Lafaite maintained that the deed to Civita's apartment had been sent him "by a friend, free of charge," and told the reporters the make and color of the car Abril's president drives. Oinegue asked whether he was investigating other people's lives on his own initiative or at the behest of President Collor. "On my own. The president has nothing to do with this. I need to arm myself against my enemies," Lafaite answered. "Arm yourself for what?" asked Leonel Rocha. "To punch them in the nose," was the answer.

Scoundrel

During the interview, Lafaite also admitted that he is investigating the private life of Deputy Jackson Pereira, whom he called a "scoundrel." According to Lafaite, Jackson said that what was moving through Banco do Brasil was not a coup syndicate, but a crime syndicate. "I found out who financed that guy Jackson's campaign and that he had been peddling influence with the financiers." Then, he made another threat: "I am going to get a deputy to punch Jackson in the nose." The president of Banco do Brasil was also asked about the request by four PT [Workers Party] deputies (Agostinho Valente, Luiz Gushiken, Jose Fortunati, and Paulo Bernardo) forwarded to Benito Gama, chairman of the CPI, that Lafaite testify about BB loans. "Do you think that if four of those s... call me I would testify?" retorted Lafaite.

Hours after the interview, Lafaite phoned Leonel Rocha at the Brasilia office. He explained a detail about the Banco do Brasil loans and again threatened: "Leonel, I have other personal information I did not mention at the time because the atmosphere was getting tense." (The

atmosphere in the interview crackled when Oinegue accused Lafaite of using the government apparatus for retaliations, and Lafaite called the journalist a liar.) Lafaite would not tell Leonel Rocha what the other personal information was that he had. He just laughed. The next day Lafaite phoned again, this time calling Eduardo Oinegue. He apologized for the "tone of the conversation." The journalist answered that the problem was not the tone, but the content of the interview. The victims of the gossip and the attempts at intimidation and blackmail perpetrated by Lafaite Coutinho reacted with indignation. "If they want to investigate my accounts or those of the Abril Group, I am at the disposal of the proper authorities," said Roberto Civita. "But I think it is strange, and I regret that these investigations are being carried out this way, in the context of retaliation." "This is shameful. These are ravings by a government that cannot defend itself. They can go through my 21 years of banking records, but they will not find anything," said Jackson Pereira. On the legal plane, the fact that Lafaite is in possession of a deed to a businessman's apartment is perfectly legal. "From the strictly objective standpoint, there is nothing wrong with it, since a deed is a public document," explained Minister Celio Borja. "Whether the intent was to intimidate, I do not know. I cannot give an opinion," he added.

On Friday, Leonel Rocha and Eduardo Oinegue reported the content of their interview with Lafaite Coutinho to the minister of the economy and asked what he thought about the deed to one of Roberto Civita's apartments having been turned over to them by the president of Banco do Brasil. "All deeds are public, and he (Lafaite) must have done the research as a citizen," Marcilio said. Leonel Rocha asked whether it was customary to investigate a businessman's car and apartment. "If that citizen is attacked, it would be natural for him to react," the minister of economy said. Eduardo Oinegue asked for the minister's general assessment of Lafaite's investigations. "I have no business making an evaluation," said Marcilio, who, right after refraining from judging his subordinate, went on to evaluate the work of VEJA and the press as a whole. "I have no business evaluating, especially to a magazine that has been treating the news rather high-handedly. The way the facts are being presented is biased. The press builds up scenarios and hands down verdicts. The press should report the facts. It cannot prejudice. The Brazilian press has a lot of growing up to do." Minister Marcilio speaks from experience. Ever since he joined the Cabinet, this disciple of San Thiago Dantas has grown up a lot. Living with Lafaite Coutinho's practices, Brizola's theories, and Collor's speeches has sharpened his intellect and tempered his sense of ethics.

[Box, p 16]

The Duo That Helps High-Flying Businessmen

[By Leonel Rocha]

On 26 February 1992, Banco do Brasil President Lafaiete Coutinho Torres signed order No. 92/00109, releasing a loan for the equivalent of \$1.2 million to Omega Air Taxi. Three months later, Lafaiete signed off on another loan, No. 92/00291, handing over \$6.5 million to the Schahin Cury engineering firm. The owner of Omega, Oswaldo Salles, is a close friend of Claudio Vieira, former private secretary to President Fernando Collor. Ismael Ribeiro de Barros Filho, a partner in Schahin Cury for 23 years, is a member of the advisory council of the Federal Savings Bank. Schahin Cury, as evidenced by PC's telephone bills, was a contact used by Collor's campaign treasurer.

"Those transactions were good for the bank," Lafaiete said last Thursday when asked to explain his signatures, using profanity to indicate the dimensions of his abilities as a banker. However, VEJA has obtained access to documents that tell a different story. Technical opinion No. 007, prepared by the regional managers of the bank in Brasilia, explains that Omega's projected sales through February 1993 would recommend a release of \$253,000 at most—or one-fifth the amount loaned. In the case of Schahin Cury, opinion No. 101 of 26 May, issued by the office of the foreign operations manager, states that the company had already made two similar applications previously, both of which were denied. It also revealed that Schahin Cury had operated at loss between 1988 and 1990, had increased its indebtedness by 34.8 percent during the same period, was dependent on funds from third parties, and had no liquidity. To top it off, the company was behind in its payments on another loan from that same Banco do Brasil.

The loan to Salles was odd. On 27 November last year, President of the Federal Savings Bank Alvaro Mendonca had already released the equivalent of \$612,000 to AL Air Taxi, another company in the Alagoan fleet that counts Salles among its partners. That loan was given even against the advice of friends of the businessman. In an interview with the newspaper O GLOBO published in April, Claudio Vieira described Salles's financial situation. "The owner of AL is completely in hock to the banks," he insisted. Lafaiete explains that the Omega loan was co-signed by Banco Pontual. If one does not pay, the other will. In its case, Schahin Cury posted as collateral an oil drilling platform leased to Petrobras and the rent payments it will receive from that government enterprise.

Higher Authority

Mendonca justifies his action in another way. "The technical staff of the Federal Savings Bank has no authority to rule on any transaction," he said. "There are higher levels of authority whose job is to do that," he added—an observation that leads one to wonder what use there is in having a technical staff. Prior experiences with the duo of Lafaiete and Alvaro show how that higher authority operates. In March 1991, when Lafaiete headed the savings bank and Alvaro was its director of operations, the institution made available the equivalent

of \$218,000 to AL Information and Systems. AL, in that case, refers to the initials of businessman Alvaro Lins, but his firm is better known in Brasilia by its brand name, Cap-Software. That was the company that performed the parallel vote count for candidate Fernando Collor and, after the election, set up a system in the Strategic Affairs Secretariat for keeping track of the resumes of candidates for government jobs. On that loan too, opinions against the loan were issued by the deauthorized technical staff. The likelihood of repayment was small, and the collateral Lins offered were the payments he would receive in the future for services he was providing to Planalto Palace. Services that the government can decide to do without at any moment.

[Box, p 18]

The Great Counselor

Rio de Janeiro Governor Leonel Brizola, who had called him "a pet of the dictatorship" during the election campaign, last week assumed the role of leading adviser to President Fernando Collor. In an interview with JORNAL DO BRASIL on Sunday, Brizola characterized a possible impeachment of the president as a coup, saying that the CPI was exceeding its mandate and that unidentified international forces are interested in destabilizing the government. Last Friday, for the third time in less than a month, he met with Collor in Brasilia, attended a ceremony with Rio businessmen, and, as usual, found the press to be responsible for the crisis in the administration. "When the public looks at these media giants like GLOBO and VEJA—rich, colorful, attractive institutions—it says: 'Frankly, if all this is good for them, it cannot be good for us,' and so they're against it," he said. "Believe me, the hysteria of these days has met with disapproval from the public."

Given Brizola's political history, sticking by Collor is nothing new. He has always stayed close to presidents, both those who were threatened with a coup and those who wanted to destroy the country's institutions. He defended Getulio Vargas in 1954, spun the web of legality to guarantee that Joao Goulart would take office in 1961, and defended the president against the military movement of 1964. But he also backed Janio Quadros until the eve of his resignation, when the former president was planning to close down the Congress and set up an authoritarian regime. In 1983, he even proposed that the term of office of then-president Figueiredo be extended. His rapprochement with Collor began in June 1991, as they clinked glasses in a champagne toast, and has become stronger since the crisis in the government. Today, Brizola gets Collor's ear more than does Roberto Marinho, president of the Globo Organizations, Bahia Governor Antonio Carlos Magalhaes, or his minister Jorge Bornhausen. At a lunch two weeks ago, Brizola suggested to the president that he employ shock troops from the civil service to intimidate legislators who are willing to investigate charges against PC Farias.

"I told the president that if I was in his place, I would get myself on TV, and would also order an investigation of the accusers," Brizola told JORNAL DO BRASIL. The governor even gave the president the catch phrase "coup syndicate," a legacy from the times when Brizola was a state deputy in Rio Grande do Sul. Collor wore out that phrase in several notes he wrote last week. In this, too, Collor seems to have gained his inspiration from his new ally. In form, the notes are reminiscent of President Janio Quadros, who used to employ them to hand down administrative orders. In their content (aggressive) and syntax (tortured) they are modeled on the "tijolacos" [literally: big bricks], paid articles by Brizola that are published on Sundays in JORNAL DO BRASIL.

Dedicated to saving President Collor from any danger, Brizola has encountered difficulties in controlling things in his own nest, the PDT. Rio Mayor Marcello Alencar is now more popular than the boss. The female candidate to succeed Alencar, Cidinha Campos, did not emerge from the Brizola hat, and the popularity of Curitiba Mayor Jaime Lerner threatens Brizola's plans to run for president of Brazil again in 1994.

[Box, p 19]

First Lady's Spending Habits

On 3 June 1992, account No. 230.230-7 at branch 863 of the Federal Savings Bank received a deposit in the form of a check for 4.5 million cruzeiros. That same day there was a debit, also for 4.5 million, from account No. 4777-8, in the form of check No. 423.016, at the only branch of Bancesa in Brasilia. Account 4777-8 belongs to President Fernando Collor's secretary, Ana Maria Acioli Gomes de Melo, who operates it under the name of Maria Gomes. The owner of account 230.230-7 is Rosane Malta Collor, wife of the president of Brazil. On 10 June, another deposit was credited to Rosane's account, this time for 4 million cruzeiros. That same day, Maria Gomes's account recorded a debit for the same sum, via check 602.871.

Rosane Collor also received two other deposits by check during the month of June, each for 5 million cruzeiros—one on the 17th and the other on the 24th. This means there were deposits every seven days. Adding up the four transactions, we see that 18.5 million cruzeiros were deposited in her account at the Federal Savings Bank during June—a sum 70 percent more than the paychecks received by her husband, Fernando Collor. Her bank statement shows that the funds were not sufficient. The First Lady ended the month in the red—she was short by 3,854,422.12 cruzeiros. But she had credit. Thanks to the 5 million cruzeiro limit on her overdraft account, she could still have spent another 1,145,577.88 cruzeiros. Signing only a few high-value checks is routine for Rosane. In June, for example, she issued only seven checks. With one of them, debited on 17 June, Rosane paid 10,350,000.00 cruzeiros. With another, which cleared on the 25th, her account dropped by 6 million cruzeiros. The smallest of these was issued on 4 June, for

957,000 cruzeiros. That same month, the First Lady visited the automated teller machine twice, on the 15th and 25th. She took out 1 million cruzeiros on each of those occasions. In all, she withdrew 24.8 million cruzeiros.

This habit of concentrating her spending into a few transactions is not new. In December 1991, during President Fernando Collor's trip to Rome, Rosane went shopping but bought things in only two shops. At one of them, the German designer Escada's shop on Piazza di Spagna, she purchased six suits from the 1992 spring and summer collection and two embroidered jackets for evening use. Amount of the purchase: \$9,000. Then at Beltrami, on Via Condotti, she bought eight pairs of shoes, eight handbags to go with them, and a cloak. She spent \$6,000, for a total of \$15,000. At the time, Collor was earning 2.1 million cruzeiros as president. Rosane's spending in Rome was equivalent to seven months' salary, or 352 minimum wages. Today, those same purchases would come to 54 million cruzeiros. Collor is being paid 10.8 million cruzeiros a month.

Leftists Demand Collor Resignation

PY2707133892 Rio de Janeiro O GLOBO
in Portuguese 25 Jul 92 p 5

[Text] Salvador—Although National PDT [Democratic Workers Party] leader Leonel Brizola has been defending President Fernando Collor in the supposed involvement with PC [Pablo Cesar] Farias' activities, Federal Deputy Waldir Pires, PDT regional president from Bahia, yesterday participated in Salvador in a march demanding the resignation of the president. "Out Collor" was the slogan used by Pires and other regional leaders of the so-called leftist parties such as the PT [Workers Party], the PC do B [Communist Party of Brazil], PPS [People's Socialist Party], the PSB [Brazilian Socialist Party], and the PSDB [Brazilian Social Democracy Party], which organized the demonstration.

"When the people elect a president of the Republic, they want him to govern the country with honesty. Collor has betrayed democracy and the confidence of the Brazilian people. He should resign, or Congress should vote for his impeachment" [preceding word in English], Pires said in his speech to some 1,500 people. The following federal deputies also participated in the march: Juthay Magalhaes Junior (PSDB) and Haroldo Lima (PC do B), and Salvador Mayor Lidice da Mata (PSDB), who is also a candidate of the coalition of leftist parties.

Marques on 'Slowness' in Approving Reform

PY2707183092 Rio de Janeiro O GLOBO
in Portuguese 25 Jul 92 p 23

[Text] Sao Paulo—There is a danger that the fiscal reform will be implemented only in 1995 if Congress does not approve the government draft bill this year. This warning was made yesterday by Economy Minister Marcilio Marques Moreira, contradicting what he said

last 19 July when he said that he trusts that the draft bill will be approved this year. Marcilio said that the complete revision of the Constitution will begin in September 1993 and probably will take a year to complete. Marques stressed that the government is willing to negotiate the approval of only a few priority points of the fiscal reform, in 1992.

"Even by freeing nearly \$2 billion every 30 days to return the new cruzados frozen in 1990, we managed to control the monthly inflation rate at 20 percent. However, we need to pass the fiscal reform to continue this work," Marques said, adding that the housing financing rules may be left for a second stage in the fiscal reform talks.

Minister Marques attended the closing session of the Latin American Liberal Forum in the Maksoud Plaza Hotel. The minister even quoted Gabriel Garcia Marquez when he said that modernization has dispelled the danger that the continent may be sentenced to "100 years of solitude."

Meanwhile, Argentine Deputy Economy Minister Carlos Sanchez criticized the slowness with which Brazil is implementing the reduction of its customs tariffs, placing at risk the achievement of the Common Market of the South (Mercosur). Marques said that this problem is due to the physical and economic conditions of the country.

"We take longer to make changes, but they will be done despite the pressures by businessmen who want protectionism," Marques stated.

More on Economy

PY2707231692 Rio de Janeiro O GLOBO
in Portuguese 24 Jul 92 p 23

[Excerpts] Brasilia—Yesterday the Central Bank (BC) implemented a series of measures to free and debureaucratize the floating exchange market, that is, the dollar rate for tourism purposes. The BC has increased the ceiling for the remittance of dollars abroad for pensioners and students, and for payments for rental cars, hotel reservations, and even for the purchase of goods by mail. Moreover, it has authorized the use of international credit cards for the payment of any merchandise or service abroad. [passage omitted]

The measure increasing the ceiling for remittances abroad is accompanied by a simplification of bank procedures. In the past the law only authorized remittance of dollars abroad for pensioners, and only if the person was going to live abroad indefinitely. Now, there is no longer [line of newspaper type not published] remittance of dollars for the maintenance of a person abroad was limited to the amount of his salary. With the new measures any income, even profits from investments, can be remitted abroad.

Companies and private individuals now have more freedom to hire services abroad, such as lawyers, consultants, and market research enterprises, without the

need for the BC's authorization. Now, it is feasible to remit up to \$20,000 (79.84 million cruzeiros) per month, when it does not entail services such as the transfer of technology (payment of royalties [preceding word in English]). In that case the remittance must be approved by the National Institute of Industrial Property. [passage omitted]

* Informal Economy Absorbs Majority of Unemployed

92SM0529C Sao Paulo FOLHA DE SAO PAULO
in Portuguese 12 Jul 92 pp 2-1, 2-3

[Text] Two studies by specialized firms and one by the Sao Paulo municipal government indicate that there is only one solution for the great majority of those who have lost or are losing their jobs: to move into the informal economy. As a result of the recession, companies are laying off their employees, and there is no going back.

Arthur Andersen surveyed 100 firms in various sectors of the economy in May of this year. Of that total, 70 said that if the economy recovered, they would rehire only 35.7 percent of the people laid off over the past two years.

In the survey of 170 firms that was conducted by Coopers & Lybrand and published early in June, only 11 percent said they would reabsorb laid-off personnel if the economy picked up again.

And a survey of 532 street people in the City of Sao Paulo by the municipal government revealed that 463 of them (87 percent) had once had a signed work card. Of that total, 27 percent had a regular job one year ago, and 38 percent had one two years ago. Today, according to that study, 452 people (85 percent) earn a living from temporary jobs.

The case of street vendors is the most typical example of the informal economy. A large number of the unemployed now share space with the professional street peddlers. That is the case with Adao Amaral, a native of Bahia, who lost his job and now tries to earn a living as a street vendor in downtown Sao Paulo.

Sales Clerk Turns Street Vendor in Sao Paulo

The most recent survey conducted by the Sao Paulo municipal government's Secretariat of Regional Administrations (in October of last year) showed that there were 11,834 registered street vendors. It is estimated that the number of unregistered vendors is at least twice that, especially now that a large number of unemployed individuals are entering the field.

Adao Amaral, 27, a native of Bahia, has been working as a street vendor in downtown Sao Paulo for two months. He is a sales clerk, but in May he lost his job at the Rio Branco Bar and Lunch Counter in Vitoria da Conquista, Bahia, where he was living. Today he sells manicure kits on 15 November Street for 10,000 cruzeiros each.

Amaral says he was fired along with two other people with the promise that he would soon be rehired. He was not. So he came to Sao Paulo with a brother leaving his wife and four-year-old daughter behind.

As soon as he arrived, Amaral tried to get a job as a sales clerk in a downtown store. "They wanted to pay me 1.5 minimum wages to work eight hours a day," he says. He did not accept, preferring to try his luck as a street vendor. At the lunch counter in Vitoria da Conquista, he had a signed work card and earned one minimum wage plus a cost adjustment "under the table."

The "itinerant sales clerk" works from 0800 to 1900, Monday through Saturday. He manages to sell an average of 10 kits per day. Since he pays 7,500 cruzeiros per kit, his daily profit comes to about 25,000 cruzeiros. And even though he takes the bus and the subway twice a day—to get to work and then to return home to Cachoeirinha (Northern Zone)—he is still able to send money to his family.

For the time being, Amaral shares a house with a few relatives and his brother. If all goes well, Amaral will go home in November and bring his family back with him. "Things are better here."

Metalworker Carlos de Lacerda, 30, is another temporary street vendor. After losing his job at the Sabo auto parts firm six months ago, he began selling calculators at the Santa Ifigenia viaduct, also in downtown Sao Paulo. Lacerda, who is a metal fitter, was laid off along with 400 other people. The company claimed that sales were weak.

"I tried to get a job after that, but I was not able to. I applied at the big firms and got no response. In the little firms, they claimed they could not pay me my wage (three minimum wages)," he says.

He manages to sell from five to 15 calculators per day. Sales average 100,000 cruzeiros per day. His profit totals between 20,000 and 30,000 cruzeiros. At least Lacerda's wife has a steady job in a bank, where she earns 700,000 cruzeiros per month.

* SBPC Head Views Impact of Budget Cuts

92SM0497A Sao Paulo O ESTADO DE SAO PAULO
in Portuguese 29 Jun 92 p 10

[Interview with Enio Candotti, president of the Brazilian Society for the Advancement of Science, by Gabriel Nogueira in Rio de Janeiro; date not given: "Jaguaribe 'Pretends' He Is Secretary"—first two paragraphs are O ESTADO DE SAO PAULO introduction]

[Text] Rio de Janeiro—"We have a responsibility to prevent our people from confusing Robin Hood with Ali Baba," says the president of the Brazilian Society for the Advancement of Science (SBPC), physicist Enio Candotti. Tireless in his complaints about the devastation of scientific research in our country over the past two years,

Candotti views the approaching 44th Meeting of the SBPC, which will be held at Sao Paulo University from 12 to 17 July, from the standpoint of one sensing disaster. "Today Brazil has only 10 percent of the technicians and researchers it should have, and its most important research and personnel training programs are at a standstill," he told reporter Gabriel Nogueira of O ESTADO DE SAO PAULO's local office.

Last week the National Council for Scientific and Technological Development (CNPQ) announced it was suspending investments in projects this year because of a lack of money. Candotti accuses Minister of Education Jose Goldemberg of destroying the laboratories for microelectronics, computer science, and telecommunications that were being built. And he criticizes Professor Helio Jaguaribe, saying that it took the latter three months after his appointment to discover that he was supposed to "only pretend" to be secretary of science and technology. "The crisis in the administration is ethical," says Candotti in conclusion.

[Nogueira] What are the main effects of the suspension of the CNPQ's research projects?

[Candotti] While the goal was to double the number of researchers in five years, we may not reach that goal for 10 years, and this is tragic for a country like Brazil, which has only 10 percent of the researchers it should have, considering its population, importance, and problems. We have only 30,000 researchers. Personnel training is based on a program that has been in existence since 1987-88, with 30,000 to 35,000 scholarship holders, including 3,000 abroad. That program, which the scientific community supports as a means of ensuring the country's survival in the future, is now facing a deep crisis. The administration assigns a strategic role to science and technology in its speeches, but in practice, funds have dropped to almost zero over the past two years and now stand at one-tenth of their historical value. The CNPQ's budgets have fallen from \$80 million to \$8 million per year, and those of the Funding Authority for Studies and Projects (FINEP) have dropped from \$150 million to \$20 million. The scholarships have continued, but they have wound up being paid months late. In May 1991, the CNPQ approved 2,400 projects. In October it approved another 1,500. Those are projects that should be receiving the funds that were allocated but that have never appeared. Those projects were approved on their merits. Today the small amount of money there is is being wasted on unrelated programs that have no chance of survival by themselves.

[Nogueira] How much would be needed to maintain the system and keep it from being scrapped?

[Candotti] About \$500 million to \$600 million would be needed to meet the demand, and that would provide work, teams, and inputs only for those competent to use them. Of that \$600 million, the federal budget provides only \$300 million, and only \$100 million of that has been released. That is the X-ray of the crisis that has

burst upon us as a result of the hole in the CNPQ. We are talking only about the money that would go to the university laboratories and the research institutes. The federal universities have no money, since they spend 90 to 95 percent of what they get on payroll. Goldemberg says the federal government pays the universities \$4 billion, but we know that of that total, \$2 billion is used to pay the salaries of active professors, and the rest goes to retirees and pensioners. About \$100 million is left over for the science and technology laboratories, and that is not enough to keep the work going.

[Nogueira] To what extent have science and technology been scrapped?

[Candotti] The laboratories have already been scrapped. Their recovery would require emergency action and real agreement between what the administration says and what it does. They must decide whether they are going to persist in their policy of wanting to reform everything or salvage what there is by making use of the best. The federal administration has demonstrated that it has neither the competence nor the funds to achieve what it wanted within the time limits it set, and it certainly is not helped by the pressures being experienced by the economy in international forums, where the country's scientific and technological development is regarded with extreme distrust. One need only look at the restrictions placed on scientific cooperation in the areas of biotechnology and the space program and specifically the difficulties imposed by the U.S. State Department on the development of microelectronics and computer science in Brazil. Our country's economy is geared toward responding to the pressures from the international banks. The banks assign not the slightest importance to the guidelines set by international conferences, which recommend the sustained development of Third-World countries.

[Nogueira] To what extent are Minister Goldemberg and the national secretary of science and technology, Helio Jaguaribe, responsible for this dismantling operation?

[Candotti] Goldemberg is fooling himself by thinking he can reconcile the administration's economic policy with a scientific policy for educational development or a policy that will favor the development of science and technology. The only result is that he has ordered the destruction of the country's most important laboratories for advanced research without being able to put anything in their place as an alternative. We have therefore lost a huge investment and about 10,000 high-level technicians who were employed in development and research but are now unemployed or underemployed. The few capital goods and computer science firms that employed [research] personnel have closed their laboratories. The same illusion seems to be repeating itself in education. International funds could help rebuild the laboratories, but this depends on agreements with the creditor banks, and those agreements are not being made. Because of its own imperviousness to dialogue and participation, the administration is hostage to those assaults on power that

repeat themselves in our political history. Helio Jaguaribe, after taking three months to discover that he was only supposed to pretend to be secretary of science and technology, felt that the best thing would be to focus his efforts on goals to be achieved in the year 2010. He finally discovered last week that long before 2010, science, scientists, and the secretariat were going to an extinct species in this tropical region.

[Nogueira] Which research projects and institutes have been hardest hit by the lack of funds and the failure to formulate a policy of priorities?

[Candotti] The projects concerned with pest-resistant species at the laboratories of the Brazilian Agriculture and Livestock Research Enterprise (Embrapa), the development of deep-water research projects for petroleum extraction by Coppe (Coordination Board for Postgraduate Programs in Engineering) at the Federal University of Rio de Janeiro (UFRJ), the programs for making use of natural products of the Amazon forest that were being carried out by the National Institute for Amazon Region Research (INPA) and the Goeldi Museum, programs in molecular biology at the Osvaldo Cruz Foundation (Fiocruz), the centers for pure and applied mathematics at the IMPA (the CNPQ's Institute of Pure and Applied Mathematics), programs concerned with immunobiological vaccines at Fiocruz, the tropical medicine projects in Para, and the research programs concerned with semiarid regions at the University of Ceara are all at a standstill. Also at a standstill are important projects and programs in the social area—sociology, anthropology, population dynamics, urban conflict, and understanding Indian cultures—that are the responsibility of such institutions as the University of Brasilia (UnB) and the National Museum, which is connected with the UFRJ.

[Nogueira] Have any of the Federal Government's projects been saved?

[Candotti] It can be said that the administration's economic policy has caused real devastation. Besides the fact that the industrial and technological policies are not yielding any results, they have also caused the interruption of important projects that had been underway for years at the cost of many sacrifices. Reconversion of the system for training human resources has never occurred, and it has been impossible even to guarantee the continued operation of the centers of excellence in basic and applied research that already exist in the country.

[Nogueira] Will this situation make the upcoming meeting by the SBPC a forum for complaints?

[Candotti] The typically scientific questions that occupied participants in meetings over the past few years will have to give way to a discussion of alternatives to the crisis. The crisis is ethical, and it overlaps the political crisis. Any public meeting at this time must debate that situation. And we will not dodge our responsibility to examine and denounce what is happening. The administration's policy is completely wrong, and it is likely to

deliver the harvest and next year's seed to the international banks even if that means hunger for the people this year and in coming years. We are looking after the seed, and we feel that training human resources must be a priority in this country. To train the people who engage in research that will eliminate people's hunger and disease, our country must make the maximum sacrifice to preserve that "seed," by which I mean new researchers, scientists, and laboratories. The administration also has the right, however, to be strict in evaluating what is being done and in deciding which projects will receive government support.

[Nogueira] Are there centers resisting the dismantling of the country's scientific and technological research system?

[Candotti] In Sao Paulo. The research programs at Sao Paulo University (USP), Campinas State University (Unicamp), and Sao Paulo State University (Unesp) currently account for 50 percent of the nation's scientific production. They have been protected from the crisis thanks to state funds, but the effects of the crisis are also being felt in Sao Paulo's state research institutes, which are undergoing one of the most difficult periods in their history. But the USP, Unesp, and Unicamp have funds amounting to \$900 million per year, with 10 percent of that being used for expenses. The Sao Paulo Federation to Support Research (Fapesp) allocates about \$50 million to research programs within the state. The funds available to the universities in Sao Paulo are equal to the entire amount allocated by the Federal Government to all research institutes throughout the country.

President Visits Air Base in Brasilia

PY2807000692 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 27 Jul 92

[Report by Luiz Augusto Mendonca from Planalto Palace]

[Text] At the Air Force base in Brasilia, President Fernando Collor today became acquainted with the Tucano H airplane manufactured by Embraer [Brazilian Aeronautics Company].

The Tucano H, which is an improved version of the conventional Tucano, has a longer fuselage and a more powerful engine, and it was built jointly with the U.S. Northrop company.

The president of the Republic was met at the Air Force base by the military ministers, the economy minister, and the justice minister.

In his speech, Embraer President Ozires Silva said the Brazilian Government's goal is to win a bid to participate in the U.S. pilots' training program:

[Begin recording] Today, we have joined Northrop's experience and management of successful programs with

the U.S. Government, and we believe the Tucano H has every chance of succeeding. [end recording]

On 28 July, the Tucano H and the entire Embraer team will go to the United States to conduct a series of demonstrations at U.S. Air Force and Navy bases.

If it wins the bid, Embraer will produce between 600 and 800 Tucano H airplanes for a total price of \$4 billion.

Chile

Meeting With Pinochet Causes Controversy

PY2807031092 Santiago Television Nacional de Chile Imagen Internacional in Spanish 0000 GMT 28 Jul 92

[Excerpt] The Coalition of Party for Democracy congressmen has termed serious the fact that Senator Sebastian Pinera met General Pinochet to discuss the possible presidential candidacy of the Renewal Party [RN] leader. Meanwhile, Defense Minister Patricio Rojas stated that he will ask the Army commander in chief to report on the controversial meeting.

[Begin Rojas recording] This is an unusual situation, according to the remarks made by Sen. Pinera. I have to listen to Gen. Pinochet's opinion on this meeting first. I expect to meet with him.

[Unidentified reporter] But how do you describe this type of meeting?

[Rojas] I describe it unusual on behalf of Sen. Pinera.

[Reporter] And on behalf of Gen. Pinochet?

[Rojas] I just told you. As long as he does not address the topics discussed during the meeting, I cannot state my opinion about a person who has not voiced his impression. [end recording]

Social Democratic Party Senator Mario Papi said:

[Begin recording] I believe the most regretful thing is that the RN reportedly is considering as a presidential candidate a senator who went to ask for permission from the Army commander before launching his candidacy. I regret the fact that a senator thinks he should ask the Army commander's permission before launching his candidacy. This is the most serious aspect of what has been made public about this meeting. [end recording]

Socialist Party Senator Hernan Vodanovic in turn said:

[Begin recording] The fact of holding permanent talks with Gen. Pinochet on various issues related to national reality, such as the constitutional reform, has been made public. The truth is that one cannot imagine the competence that the Army commander may have to permanently exchange opinions with those involved in this reality. [end recording]

To learn more details about this controversy, we will directly contact RN Senator Pinera.

[Begin recording] [anchorwoman Cecilia Serrano] Good evening senator.

[Pinera] Good evening, Cecilia.

[Serrano] We have seen the controversy caused by the meeting between you and Gen. Pinochet. Don't you think it was a mistake to meet the Army commander?

[Pinera] I am really surprised at the reactions. I believe that my friend Mario Papi did not understand anything. The logic of confrontation probably continues and cannot be avoided to accept the logic of dialogue. First of all, I did not meet Gen. Pinochet to ask him about his approval for a possible candidacy, and neither do I need to ask for anybody's approval to talk with the Army commander.

We held a very frank, direct dialogue as is normal and as it should be between civilians and military men. We addressed matters of general interest related to defense, the Armed Forces Law, and the Constitution, among others. [end recording] [passage omitted]

Government To Get U.S. Planes, Helicopters

PY2607025692 Santiago Television Nacional de Chile Imagen Internacional in Spanish 0000 GMT 26 Jul 92

[Text] Defense Minister Patricio Rojas gave details today about the U.S. airplanes, helicopters, and ships to be given to our Armed Forces in the next few weeks.

Minister Rojas and Air Force Commander General Ramon Vega commented on the result of their recent trip to Spain, Israel, and Kuwait. Minister Rojas gave details of his trip to the United States. In this regard he said that the U.S. Government will give Chile, without charge, two Hercules C-130B airplanes. Chile already has four Hercules airplanes. Rojas said these airplanes are very useful for emergency and natural disaster situations that are so frequent in Chile.

Rojas added that the U.S. Government also will donate six to eight P-3 airplanes, which will be used by naval aviation for sea patrol operations. He said that 10 QH [as heard] reconditioned helicopters will be purchased at reasonable prices and that these helicopters, which are used by Chilean members of the UN peacekeeping force in the Persian Gulf, have shown their effectiveness. Rojas added that studies are being made on the possibility of obtaining an oceanographic ship and a tanker for the Navy.

Possibility of Hiring Russian Scientists

PY2407132892 Santiago Radio Chilena Network in Spanish 1100 GMT 24 Jul 92

[Text] Education Minister Ricardo Lagos has announced that an inter-ministry commission is looking into the

possibility of hiring Russian scientists to do research work in Chilean universities.

Lagos said that right now the commissions are making a list of the areas in which scientists could work.

He then added that the government has time—until the end of the year—to create a report that will be submitted to Russian authorities. He noted, however, that the report is subject to available funds and the decisions of the universities.

Lagos noted that quite a large number of Russian scientists currently are working in the Western hemisphere.

Colombia

Government Issues Report on Prison Events

PA2807004892 Santa Fe de Bogota Inravisión Television Cadena 1 in Spanish 2300 GMT 27 Jul 92

[Text] The national government today gave a detailed report to the media on the events that occurred on 21 and 22 July during the foiled operation to transfer Pablo Escobar to another prison. The report confirms that Escobar was in prison until 0130. The prison guards were prepared to face the Army, and an armed clash occurred inside La Catedral prison. In addition, the possibility of a kidnapping had been foreseen.

The story began at 1000 on 21 July in the government palace. The security council reviewed a report from the prosecutor general stating that a truck with a double bottom was clandestinely bringing visitors to Envigado prison. The reports added that there were grounds to believe that Escobar would try to escape.

The first orders were issued to the 4th Brigade at 1230 to step up prison security measures. When General Rafael Pardo arrived at the prison, he confirmed that there was a hole in the fence, prisoners were between the inner and outer fences, and one of Escobar's attorneys was inside. The first order to seize control of the prison's internal and external areas was given at 1630. The order was carried out 15 and ½ hours later.

There were two orders concerning Escobar: one was to transfer him to Santa Fe de Bogota, which was the order brought by the minister. Upon the minister's arrival, the order was changed: Escobar had to be transferred to the 4th Brigade. Escobar and his men were alerted by radio news bulletins. The reports interfered with the operation.

Gen. Manuel Murillo repeated his orders at 2200: The prison must be seized within one hour and 20 minutes. However, the kidnapping of the deputy government minister and the prison director was discovered five minutes later. Escobar personally notified the two men of their status as hostages.

At 0100 on 22 July, the prison was completely surrounded to prevent escape. Escobar turned over the hostages to five of his men at 0130 and then left. By then

Gen. Murillo had ordered—for the third time—the commencement of the military action. Gen. Pardo replied that they should wait until dawn.

The government tried to talk to Escobar twice, but he refused both times. When the special forces arrived at 1520, they could not pass the first checkpoint because they had no authorization, and when they were allowed to pass, they were forced to do so on foot.

The detailed report abounds with information on the Armed Forces' actions, but there are some gaps. Many questions will arise about this complex situation. It is not clear why the Armed Forces commander had to repeat the same order three times. The delay to carry out the order—14 and ½ hours [as heard]—is also unclear. One other issue remains to be explained: The need to send three contingents to take over a prison to remove 15 prisoners. The breakout of 10 prisoners from a prison that had been surrounded since 1600 to prevent an escape is still a mystery.

Execution of Orders Delayed

PA2707181692 Santa Fe de Bogota Inravisión
Television Cadena 1 in Spanish 1651 GMT 27 Jul 92

[Report by Guillermo Gonzalez from Narino Palace—live]

[Text] The national government has just revealed that six hours after orders were issued from here, the Narino Palace, General Gustavo Pardo Ariza, 4th Brigade commander, executed them. The government just issued a 14-page document giving the minute-by-minute details on all actions pertaining to the escape of Pablo Escobar Gaviria, the drug baron of the Medellin Cartel.

This document states that at 1230 on 21 July, Gen. Murillo called Brigadier General Pardo, 4th Brigade commander, to advise him of the possible escape of Pablo Escobar, and issued the following orders: Immediate intensification and reinforcement of security and control measures at the Envigado prison, advance the Command Post of Military Police No. 4 to the prison area, categorically prohibit the access and entrance of people and vehicles to the penitentiary, and carry out full searches of visitors and vehicles that were inside the penitentiary installations at that time.

The document adds it was not until 1830, that is, at 1930 [time as heard] on 21 July, six hours after the order was issued, that Brig. Gen. Pardo Ariza ordered the deployment of two platoons of the special voluntary soldiers company to the prison. At 1930 on 21 July, Gen. Murillo ordered the preparation of an AC-47 plane to illuminate the area. Once Gen. Yanine [chairman of the joint chiefs of staff] received this order, he conveyed the order to the Colombian Air Force, and advised the 4th Brigade to ensure coordination of communications and their frequency.

This document, which was issued only a few minutes ago here at the Narino Palace, contains a minute-by-minute

account of all military, aerial, and tactical actions that were implemented at Envigado prison.

We repeat, in a nutshell, that the government in this document states that the Army 4th Brigade commander, Gen. Gustavo Pardo Ariza, did not carry out Narino Palace orders until six hours after they were issued. The document also states a second report, which was announced by the government on 27 July, will be revealed on 30 July. The second report will contain further details on Pablo Escobar's escape, and alleged implications and responsibilities of the 4th Brigade soldiers under Gen. Pardo Ariza.

More on Gen. Pardo, Others

PA2707202492 Santa Fe de Bogota Emisoras
Caracol Network in Spanish 1950 GMT 27 Jul 92

[Text] The government announced a decree at Narino Palace withdrawing from active service General Gustavo Pardo, commander of the 4th Brigade; Lieutenant Colonel Hernando Navas Rubio, former director of prisons; and Lieutenant Colonel Manuel Jose Espitia Sotelo, commander of the Medellin Military Police; and accepting the request of General Hernando Monsalve Figueroa, former commander of the Colombian Air Force, to retire. It also has revealed the most important events that took place Tuesday and Wednesday of last week, events that concluded with the escape of Pablo Escobar Gaviria and nine of his men.

Defense Minister Rafael Pardo has issued a communique announcing that he is prepared to face any kind of congressional inquiry and an eventual admonishment motion in order to account for what happened at La Catedral Prison.

* Gaviria Views Insurgency, Investment in Cordoba

* Guerrillas 'Anchored' in Past

92SM0501A Santa Fe de Bogota EL TIEMPO
in Spanish 19 Jun 92 p 8A

[Text] President Cesar Gaviria used the occasion of the ceremony in which 27,000 hectares of land was turned over to peasants and former guerrillas in Cordoba, one of the departments with the highest incidence of violence two years ago, to tell the guerrillas that their existence is one of the factors preventing society from leaving violence entirely behind it.

"It is they who persist in practicing violence like a trade. It is they who reap the fruits of violence, the cruel money of kidnapping, the infamous money of extortion, the toxic money of coca and poppies."

He also reiterated that guerrilla groups have spent their lives trapped in isolation, "imprisoned in the bush. I want to emphasize to them, to the Revolutionary Armed Forces of Colombia (FARC) and the Army of National Liberation (ELN), that they are anchored in the past. They would do well to come into the present, which, with

all its difficulties and vicissitudes, is very different from the country they imagine it is."

The president extolled the virtues of the Constitution with regard to equality of rights, territorial autonomy, and the budgetary, administrative, and political strengthening of the municipal jurisdictions. He said that peaceful revolution has won its race with violent revolution.

"I have no doubt in my mind that we will solve our difficulties, as we have done in the past: with hard work and intelligence. And that is what characterizes the process of reintegration and the process of agrarian reform, which are moving ahead while the stubborn forecasters of doom ignore their inexorable force."

He added that in the company of people who at one time belonged to armed groups, "today we turn over more than 27,000 hectares of land, combining title deeds with the adjudication of vacant land, to benefit more than 500 families. This effort has cost more than 3 billion pesos." He also announced that under the Farm Machinery Lease Center Project, which has invested more than 400 million pesos in the purchase of tractors and combines or harvesters, "not only are we eliminating the shortage of machinery in this department, but in a period of eight years, approximately 2,500 families of small farmers in the area will benefit."

The president emphasized that Cordoba is proof that peace is possible and that the reintegration effort, which has run into serious problems, can be built on solid and lasting foundations. "Landowners have returned to their property here; investment in business and agriculture has returned, and the foundations have been laid for a truly peaceful coexistence." He also noted that during his administration, investments in agrarian reform have increased by 135 percent.

President Gaviria indicated that this year 80 billion pesos will be earmarked for agrarian reform programs, compared to 35 billion pesos last year, representing a growth of 135 percent.

"So far in this administration," he said, "we have turned over 1.6 million hectares, equivalent to nine times the size of Quindio, one-fourth of the Department of Antioquia, or half the territory of Belgium, just to give some comparative examples."

He acknowledged, however, that the Colombian state "is extremely weak and does not have a strong presence in many regions of our territory. Our obligation is to try to establish a presence for that Colombian state."

Along those lines, the president stated that disagreements are being handled peacefully and democratically. "And that is the idea we must sell to Colombian society: that we are building a society not to preserve injustice, but to transform society."

* Investment Planned

92SM0501B Santa Fe de Bogota EL TIEMPO
in Spanish 20 Jun 92 p 10A

[Report by Raimundo Alvarado]

[Text] Monteria—The Urrea Uno hydroelectric project will not suffer any more delays; the government is interested in expanding nickel mining activities in Cerromatoso, and the problems of highways, potable water, health, and housing in Cordoba can be solved with the resources allocated through decrees that have been or are about to be issued.

Thus, the president of the Republic, Cesar Gaviria Trujillo, clearly and emphatically committed himself to the future of Cordoba during celebrations commemorating the department's 40th anniversary.

Over the next 20 months, the president said, more than 100 billion pesos will be invested here. This figure does not include the funding allocated for Cerromatoso (about \$135 million) to build a second furnace, which would double the royalties currently collected by Cordoba for nickel production (Montelibano, where the mine is located, would earn approximately 6 billion pesos per year).

There was no positive response to Cordoba's greatest financial problem, however: teachers' salaries, which take up 42 percent of the department's revenues. As a result, it is unable to undertake any other social project.

The problems of education and basic health, said Gaviria, should be solved by the regions with the transfers they will receive.

Regarding Urrea, which will cost \$690 million to build, the president made it very clear that there will not be another Guavio, and he will monitor the project rigorously to prevent wasteful spending and costly failures.

To carry out the project (which also involves the rehabilitation of the Sinu River, along which 70 percent of the population of Cordoba lives), a company will be formed with the national government, the Electric Corporation of the Atlantic Coast (CORELCA), and the coastal departments as partners. They will finance the project with mining royalties.

Next year 78 billion pesos will be invested in the Upper Sinu, according to decrees that have been issued, and the primary construction of the dam will begin in early 1993.

Four projects promoted by Governor Jorge Manzur Jattin have been given the green light: reclamation of the land on the left bank of the Sinu, between Monteria and San Bernardo del Viento; expansion of fruit and vegetable production in the south and along the coast; creation of a mining promotion company; and creation of a free enterprise zone and port in the Gulf of Morrosquillo.

According to Gaviria, these projects are consistent with the national policy of expanding the agriculture sector and

diversifying exports. The World Bank will provide funding for land reclamation. Among the programs to be financed is that of reclaiming 51,000 hectares in Monteria.

Farmers and ranchers admitted that the countryside is a safer place now, but they vehemently warned of the dangers of unstable prices, the lack of roads, and the high cost of credit.

The president defended himself, pointing to the benefits of opening up the economy. He said that the farm economy is one of his greatest concerns and that there will be no subsidized interest rates because the Constituent Assembly turned off the spigot on the issuance of bills that made such subsidies possible. The Agrarian Fund will be revived, however, and the policy of the price band will be maintained, he said. Gaviria made other promises in connection with projects that have become thorns in the sides of Cordoba residents. The hospital, which was started 18 years ago, was first: He said that 500 million pesos will be invested this year and 2 billion more in 1993.

He pledged 8.102 million pesos for roads, including those connecting San Bernardo, Monitos, and Puerto Rey and the Cerete-Covenas road. He also promised 9 billion pesos for the Cauca-Monteria road.

He announced investments of 4 billion pesos for the Monteria aqueduct, but he suggested radical treatment of the administrative problem of the public enterprises. He said that the national government will provide 5 billion pesos for other municipal jurisdictions.

The forum on the future of Cordoba revealed that there is a lack of marketing culture here. People are used to selling their products on the farm. There is also a lack of business training, roads, and storage capacity, among other problems.

But the potential is tremendous: agriculture-livestock wealth, geographical advantages for international trade and tourism, the people's desire to improve their lot, and above all, peace. Soon people will be able to fish at night again in Cordoba, leaders say.

Court Rules on Habeas Corpus, Other Issues

PA2507132492 Santa Fe de Bogota EL TIEMPO
in Spanish 16 Jul 92 p 11

[Quotation marks as published]

[Text] On the night of 15 July, the Constitutional Court issued three strong rulings on the rights of defendants, the return of properties connected to trials for drug trafficking and contraband, and the power of the police in public moral issues.

In the first case, the Court warned that a petition for protection cannot be filed to circumvent the implementation of resolutions that order the seizure of aircraft or

the return of properties that are part of an investigation for drug trafficking or subject to administrative action for contraband.

The Court also ruled that the petition for protection is no substitute for writ of habeas corpus, and, therefore, cannot be filed to obtain the release of defendants.

The two rulings were contained in the report by Magistrate Jose Gregorio Hernandez Galindo, which received the unanimous endorsement of Magistrates Eduardo Martinez and Fabio Moron.

Thus, on matters dealing with properties connected to an investigation for contraband or inquiries on their alleged use in drug trafficking activities, the Third Chamber for the Review of Protection Petitions warned that it is inappropriate to file that petition because the state's action is absolutely legitimate.

"The seizure," the Court indicated, "solely seeks to hold those properties that are connected to a crime that has been perpetrated; these properties constitute an indispensable element in a criminal investigation or have been illegally introduced into the country, and for that reason the state's action is absolutely legitimate."

The Court added: "Therefore, it cannot be argued that confiscation constitutes a violation of fundamental rights such as the right to ownership because a seizure is never the same as a confiscation."

In addition, the Court felt that in cases involving properties that are subject to administrative investigations, the defendant may reverse the decision through government channels or appeal to the Contentious - Administrative Court; or he may prove the damage he suffered and demand restitution.

The decision involved an appeal filed by the owner of an aircraft that was originally held by the National Drug Council and subsequently subjected to an administrative process for contraband by National Customs.

On the matter of the writ of habeas corpus, the Third Chamber for the Review of Protection Petitions stated the procedures contained in the law and the habeas corpus writ constitute appeals the citizen must file if he feels he has been illegally deprived of his freedom."

"Procedures specifically created to defend certain rights exist because of their great importance and special characteristics.

"One of them is the writ of habeas corpus, a resource created to defend the freedom of an individual when he has been illegally deprived of it."

The court notes that the habeas corpus "is a guarantee among the basic rights recognized by the Constitution and international human rights treaties (Pact on Civil and Political Rights and American Convention on Human Rights), and thus, cannot be suspended, not even during states of emergency."

The court issued this ruling in response to an appeal filed by Ramiro de Jesus Gomez Vergara, detained on 20 October 1989, taken to the Bellavista Prison, and indicted on charges of illegal possession of weapons.

Gomez demanded that he be released immediately arguing his prolonged detention without charges being filed against him or being called to trial.

Simultaneously to these two ruling, the Seventh Review Court on Tutelage Actions issued a third ruling establishing limits on the attributions of the police in matters of "defense of the common good" and "public morale."

The ruling came in response to a tutelage appeal filed by the owner of video machine [maquinitas] business in Chia that the Police shut down on charges of immorality and failing to comply with requisites to obtain a license.

The ruling underscores that police authorities are not empowered to decide abstractly what is or is not immoral for a community or to impose requisites arbitrarily on free enterprise and economic freedom, because each citizen is free to chose the profession or activity he wishes to perform.

Police authorities, the Court adds, may only apply norms contained expressly and specifically in the law (National Police Code, and so on) to guarantee public tranquillity, "but Police authorities are, under no circumstances, authorized to establish moral judgments abstractly. (...)

"When objective considerations pertaining to the maintenance of public order make indispensable the regulation of public space, local authorities may regulate the location of bars, canteens, drugstores, pharmacies, movie theaters, ice cream parlors, and so on.

"In exercising their duties local police authorities may not regulate the brand of liquors sold at bars, products used in beauty shops, or order that only color movies be shown at neighborhood movie theaters."

Police authorities also may not impose "domestic" requisites, which are outside the law, on legitimate economic activities.

The contrary, the court notes, would violate the concept of economic freedom, which by express mandate of the Constitution, may only be restricted by the Congress for health, public utility, or social interest reasons.

Parties Reach Agreement on Senate Appointments

PA2707133092 Santa Fe de Bogota EL TIEMPO
in Spanish 21 Jul 92 p 6A

[Report by Jesus Ortiz Nieves]

[Excerpts] For the first time in history, the Senate will have two presidents during the same legislative period.

Jose Blackburn will be president until 16 December and Tito Rueda Guarin will be president from that date until 20 July 1993.

Senator Jaime Vargas will be second vice president throughout the whole period.

The peculiar formula, reached after six hours of negotiations, helped overcome the deadlock in the Senate board: 30 votes for Blackburn and 30 votes for Rueda. There was one null vote.

The secretary general will be elected from two candidates: Gabriel Gutierrez and Pedro Pumarejo.

The group that loses the secretariat will have the right to appoint a candidate to the new post of administrative director. [passage omitted]

A commission of arbitrators was appointed after the third parliamentary board meeting was resumed, and after more than five alternatives were analyzed: Luis Fernando Londono, Alberto Santofimio, and Amilkar Acosta from the group of Blackburn's supporters; and Luis Guillermo Giraldo, Julio Cesar Turbay Quintero, and Jose Name, from the group of Rueda's supporters.

The commission reached the difficult agreement on posts and terms. Blackburn will resign on 10 July and Rueda will be elected that same day. The turnover will be carried out on 16 July, after Blackburn gives a closing speech.

Finance Minister Explains '93 Budget Proposal

PA2707010692 Santa Fe de Bogota Inravisión
Television Cadena 1 in Spanish 1700 GMT 25 Jul 92

[Text] Treasury Minister Rudolf Hommes explained today how 10 trillion pesos—trillion with a T—will be spent. That is the government's budget for 1993. The government will spend 10.29 trillion pesos in 1993, which is a 17.4-percent increase from the 1992 budget. The largest increase is in domestic defense, public order, and national defense, with 8.5 percent of the total budget; some 822 billion and a 60 percent increase compared to 1992. According to Minister Hommes, the military spending is justified.

[Begin Hommes recording] I believe one should speak softly and carry a big stick. The social expenses, which are important, is the speaking softly. The state must also have the means to defend itself. [end recording]

Social spending directed at education, health, housing, water, social security, and culture will be a total 3.56 trillion; 34 percent of the total budget. For the treasury minister, the current public order situation may affect the country's international economic policies.

[Begin Hommes recording] If there is an increase in narcoterrorism, it would probably scare off foreign investment, and the growth we have had in foreign investment would come to a halt, all of which would be very bad. [end recording]

Rudolf Hommes, in his own special way, also spoke about the cost of the failed military action against Pablo Escobar. This is his expense report.

[Begin Hommes Recording] I do not think it was much, because there were only two planes, and one did not even have a crew. [end recording]

Peru

Results of Poll on Fujimori Support; Terrorism

PA2707140692 Lima Panamericana Television Network
in Spanish 0100 GMT 27 Jul 92

[Text] What effect have the recent terrorist attacks had on public opinion? To find that out, we asked Apoyo S.A. to conduct an exclusive poll. The poll was conducted on 24 and 25 July. The information cannot be more recent. The sample includes 400 adults and presents an estimated plus or minus 5 percent margin of error, which provides a confidence level of 95 percent. Let us see the results.

The first question was the same one being asked by these polls for months: Do you approve or disapprove of Alberto Fujimori's work as president? Of every 100 people, 60 approve his work, 22 disapprove and 18 percent gave no answer. Approval is higher in the lower classes, where it is between 60 and 62 percent. Approval is 59 percent among the upper class and 56 percent among middle class citizens. The rating is higher among young adults than in adults over 25 years of age.

From a historical point of view, the president's current approval rate is similar to that stated on 4 April, just before the suspension of constitutional order. After the controversial decision, President Fujimori's approval rate rose to 82 percent. Except for a drop during the end of May, support has remained above 70 percent. It has been slipping gradually since June, to the current 60 percent.

The president's policy against subversion is rejected by 48 percent of those polled, versus a 40 percent approval rating and 12 percent undecided. Disapproval reaches 51 percent at the low income level and 48 percent among the higher classes. The current 40 percent approval is only two-thirds of the rating he received in May. During the first months of the year, however, approval was even lower.

Rejection of terrorism is overwhelming, as 88 percent said it is unjustifiable and seven out of every 100 people find it justifiable. Those who take into account the socioeconomic level of those who justify terrorism seem to give no credit to these results. The strongest rejection—95 percent—and the lowest approval—2 percent—occur in the lower, poverty-stricken classes. Of every 100 people in the higher classes, 90 say no to subversion and seven say yes. Disapproval among the middle class is 84 percent and approval is 10 percent, also the highest level. The proportion is 83 to 9 percent below the poverty line. Rejection of subversion reaches its highest rating among men, at 92 percent, and young adults, at 93 percent. Despite what is said, youngsters between 18 and 24 are the least contaminated by terrorist subversion.

Regarding options for fighting subversion, the death penalty shows the greatest support at 35 percent, followed by a 21 percent vote for dialogue with the rebels, and 15 percent support for boosting intelligence services, just to mention the most outstanding. The creation of urban patrols is supported by only 7 percent. Against all government policy expectations, support was 10 percent among the upper class and 6 percent of those below the poverty line.

The public overwhelmingly supports the use of military courts to try terrorists. Approval of this is higher than 73 percent at all levels and in upper class reaches 77 percent. The death penalty received somewhat less support than military courts. Nevertheless, it has a 64 percent approval rating, versus 26 percent disapproval. Poverty-stricken lower class citizens give it the greatest support at 74 percent. Women and young adults lead the approval vote.

How do you react to an act of terrorism? Eighty-six percent reject it, 5 percent express no opinion, and 4 percent find it understandable. Do you believe that terrorism has managed to instill fear among the population? Seventy-eight percent say yes, 18 percent say no, and 4 percent give no opinion. What type of government do you believe is better? Of every 100 people, 37 believe a national unity government that includes all political forces is best; 31 percent believe that military presence in the government should be greater; and 19 percent would like to see the government system stay as it is. The last question of the poll was: What is your opinion of the Shining Path? Forty-five out of every 100 adults in Lima believe they will be defeated; only 3 believe they will see victory; and 19 percent say Shining Path will abandon the armed fight. One way or another, 64 percent of those polled believe in the success of democracy; 33 percent did not know or gave no answer.

'Tight Control' Over Cocaine Processing Chemicals

PA2507163592 Lima Global de Television Network
in Spanish 0100 GMT 23 Jul 92

[Text] The government has decided to establish tight control and supervision measures on products used in the elaboration of cocaine basic paste and washed paste and cocaine chlorohydrate. To achieve this, the government has issued Decree No. 25623, which establishes penalties for people not complying with this disposition.

The National Emergency and Reconstruction Government has taken an important step in the struggle against drug trafficking. As of now, chemical products that are directly or indirectly used for the elaboration of basic paste and washed paste of cocaine and cocaine chlorohydrate, will be under control and supervision. This has been established by Decree No. 25623.

The chemical products under control are: sulphuric acid, acetone, hydrochloric or muriatic acid, benzene, sodium carbonate, potassium carbonate, ethylic and sulphuric ether, sodium hypochlorite, kerosene, methyl, ethyl,

potassium permanganate, sodium sulfate, and (Toluene) and (Toluene) phenylmethane, regardless of how they are called or presented.

The decree states that the manufacturers, exporters, importers, transporters, and wholesale and retail businessmen dealing with these products must have a special sales register listing daily the number of the bills of sale; the date of sale; the amounts sold, expressed in kilograms or liters; the buyer's firm name; the name of the company or person buying the product; the number of the buyer's tax record; the buyer's home and business address; the place where the merchandise is delivered; and the full name of the persons receiving it.

The users of this merchandise, be they companies or individuals, must keep a special register describing how the merchandise is to be used. Whoever infringes this law will have to pay fines amounting to five to eight times their tax figures. If the transgressor is a police official, that person will also be dismissed from his or her post and will have to face criminal charges for actions against the law.

Government To Control Nongovernment Resources

PY2507140092 Lima CARETAS in Spanish 13 Jul 92 pp 23-24

[Excerpt] On 7 July, Minister of the Presidency Jorge Lau Kong confirmed the report that the government intends to control the use of resources from nongovernment organizations.

According to that project, the Minister of the Presidency will have the authority, among other things, to determine the salaries to be paid to the professionals, to request the return of salaries considered excessive, and to impose administrative and monetary sanctions on the directors

of institutions in a personal and unlimited manner, and will assume full responsibility. [passage omitted]

Cuban Airlines Cancel Flights to Lima

PY2507130092 Lima EXPRESO in Spanish 15 Jul 92 p A9

[Text] The fuel rationing imposed by the Cuban Government has forced that country's airline to cancel its flights to Peru, after 16 years of commercial air flights. This is the fourth airline that has stopped operating in Lima.

It was reported at the Jorge Chavez International Airport that the Cubana de Aviacion operates two flights per week—Havana-Lima and Lima-Havana-Madrid—with Ilyushin-62 airplanes which carry 157 passengers.

According to an official report from the Corpac [Corporation for Airports and Commercial Aviation], Cubana de Aviacion in 1990 carried an average 3,000 passengers, but in the last few years the number of passengers dropped considerably. Only 1,000 passengers traveled on the airline in the first half of the current year.

The economic crisis in Cuba has forced a fuel rationing, which is the main reason for the cancellation of the flights. Inactive tourism market in Peru and Cuba is another reason.

The cancellation of the Cubana de Aviacion flights must be added to the cancellations in the last few months by Canadian Pacific, Air Panama, and Lufthansa, whose services have been taken over by Lloyd Bolivian Airlines.

Corpac General Manager David Rengifo regretted the cancellation of the Cubana de Aviacion flights. He said that he does not know the reason for the cancellation because only the Air Transportation Directorate is responsible for authorizing flight permits.